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No. 16166.

VOL. 3095

IN THE

# United States Court of Appeals

FOR THE NINTH CIRCUIT

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MILO M. TURNER,

*Appellant,*

*vs.*

IRVING I. BASS, Trustee in Bankruptcy of Milo M.  
Turner, Bankrupt,

*Appellee.*

---

## APPELLEE'S BRIEF.

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**FILED**

FEB 13 1959

PAUL P. O'BRIEN, CLERK



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---

## APPELLEE'S BRIEF.

---

### Jurisdictional Statement.

The jurisdictional statement set forth in the Appellant's Opening Brief, on pages 1 and 2 thereof, is substantially correct and the Appellee incorporates the same herein by reference as fully as if set forth in detail herein.

### Statement of the Case.

The Appellant's Statement of the Case set forth on pages 3 and 4 of the Appellant's Opening Brief, is also substantially correct, however, the Appellee is of the opinion that it lacks sufficient detail and the Appellee will supplement the same herein without repeating the facts recited by the Appellant, which the Appellee repeats and incorporates herein by reference as fully as if set forth in detail herein.

Prior to the filing of the individual bankruptcy of the bankrupt, the bankrupt, who was the president, sole shareholder, sole director and managing officer of a California corporation named "Zipco, Inc.," caused to be filed the bankruptcy of Zipco, Inc. [See Finding of Fact No. 1, Referee's Findings of Fact, Conclusions of Law and Order Denying Discharge of the Bankrupt, dated February 25, 1958; and see Tr. pp. 128-156] and in the initial proceedings before Referee Head on May 2, 1957 at 2:00 P.M. as set forth in the Supplemental Transcript of Record, the proceedings were continued solely for the purpose of producing an original of the financial statement involved. [See Supp. Tr. pp. 200-201.] At no time during the entire proceedings before Referee Head, did the bankrupt or his counsel make any objections as to the sufficiency of the pleadings before the Court, and on the contrary proceeded on the merits. [See Supp. Tr. of Rec. pp. 156-202.]

### **Issues Involved.**

The Appellee is of the opinion that the only issue involved is as follows:

(a) Whether or not the Findings of the Referee and of the District Court are unsupported by the evidence and clearly erroneous.

## ARGUMENT.

### The Findings of the Referee and of the District Court Should Not Be Reversed Unless Clearly Erroneous.

See:

*Gold v. Gerson*, 225 F. 2d 859 (C. A. 9, 1955).

The facts in this case were so flagrant that the District Court on review in its Memorandum Opinion (see Designation of Contents of Record on Appeal) states:

“It is the opinion of this Court that if this bankrupt is entitled to a discharge, that everyone who files a petition should automatically receive a discharge. It is true that the denial of a discharge always works a hardship upon the bankrupt. This is one of the most flagrant cases of this type that has been called to my attention. . . .”

The Order of the District Court affirming the Referee on Review, approves and incorporates the Findings of Fact, Conclusions of Law and Order of the Referee. A portion of the Appellant's brief is devoted to arguments on the facts and it is submitted that the record is replete with evidence upon each and every element necessary to the Trustee's cause in sustaining the Specifications of Objection to the Discharge of this bankrupt.

The bankrupt admitted that he executed the financial statement and that he transmitted it over his signature to Mr. Stemmler of Vanadium Alloys Steel Co. This document was duly admitted into evidence. [See Tr. pp. 61-62.] The bankrupt also admitted that he did not own \$166,559.00 worth of listed stocks and bonds listed in the financial statement. [See Tr. p. 63, lines 12-16 and 23-25.] The bankrupt further admitted that he and his

wife did not own the stocks and bonds in question. [See Tr. p. 63, line 27, to p. 64, line 21½; p. 65, lines 1-4.] The bankrupt further admitted that the unlisted stocks and bonds listed in the financial statement were not of the value set forth in the financial statement. [See Tr. pp. 65-67, where the bankrupt admitted that various corporations became defunct and in particular see p. 67, lines 1-13.] The bankrupt admitted that he did not own the house. [See Tr. p. 67, lines 14-21.]

There was adequate evidence that Vanadium Alloys Steel Co. relied upon the financial statement of the bankrupt, and further relied upon his personal guarantee of the obligations of Zipco, Inc., when advancing credit in connection with Zipco, Inc. [See testimony of Mr. Stemmler commencing Tr. p. 14, and see p. 19, lines 1-17], wherein it is testified that Turner was clearly notified that Vanadium Alloys Steel Co. would not furnish credit to Zipco, Inc., without Turner's personal financial statement and guarantee. [See Tr. pp. 21-41, pp. 32-35, pp. 48-52.] In short, the record is replete with evidence sustaining the various Findings of the Referee and of the District Court.

**The Bankrupt's Testimony Was Impeached and It Is Elemental That the Testimony of a Witness Who Gives False Testimony in Part, May Be Disbelieved as to the Whole.**

At numerous places in the record the bankrupt gave conflicting testimony and was thoroughly and completely impeached by contradictory testimony given on December 17, 1956. [See Tr. pp. 129-152, and see Referee's Opinion, set out at p. 153], wherein the Referee finds:

“the Court's opinion and conclusion is that the bankrupt's recollection was certainly as good, if not better.



on December 17, 1956, when he testified in the matter of Zipco, Inc., and certainly at that particular time the bankrupt was not testifying in his own behalf and confronted by objections to his discharge as he is in the present matter, and therefore he would have no motive at that time to favor his testimony to the extent that he might possibly have at this particular date.”

**The Bankrupt Waived Any Objections He Might Have to the Sufficiency of the Pleadings by Participating in the Hearing on the Merits.**

The Supplemental Transcript of Record setting out the proceedings of May 2, 1957, found at pages 156 to 203, will reveal that the only objections made by the bankrupt in a proceedings on the merits in this matter, were objections to an oral motion made to amend the Specifications of Objection to Discharge. It is submitted that the bankrupt participated in a full scale hearing on the merits in the matter, and cannot at the late date of a stipulated rehearing of the matter, then raise objections as to the sufficiency of the pleadings and argue the same on appeal.

Specification 2-a of the Specifications in question read as follows:

“That the bankrupt made various financial statements, in writing, upon (underscoring supplied) which he obtained money for property on credit, or an extension or renewal of credit, and that the said financial statements were false, and among said financial statements were the false in the following particulars: (a) Financial Statement of October 27, 1955 . . . .”

While the language used in the said Specification is not the exact language contained in Section 14-c(3) of the

Bankruptcy Act, it would stretch one's imagination to believe that the language "upon which he obtained money or property on credit" does not fairly imply both that the money was advanced upon the representations contained in the financial statement and that the bankrupt actually obtained credit based upon the financial statement. Cases cited by the Appellant and the encyclopedia cited at pages 2 and 3 of the Appellant's Opening Brief relate to matters which must be proved and do not rule that each and every element must be pled in the language or elements outlined in the Appellant's Opening Brief or in his Points and Authorities. A reading of each and every of the cases cited by the Appellant at this point will reveal that none of these cases go so far as to hold that a pleading which is substantially in the language of the Bankruptcy Act is insufficient.

If the trial court had been of the opinion that the pleadings were insufficient, it is certain that the pleadings were sufficient to grant a motion to amend the pleadings. It will be noted that on page 122 of the Transcript the Trustee made an oral Motion to Amend to proof, and the Motion was denied on the basis that the pleadings were adequate.

**If a Rule Exists That Any Doubts in the Interpretation of Evidence Should Be Resolved in Favor of the Bankrupt, Such Rule Would Not Apply to the Facts in the Instant Case.**

The Appellant makes the startling observation at page 10 of the Appellant's Brief, that the amount of evidence necessary to deny a discharge is the same degree necessary to sustain a conviction in a criminal matter. Conveniently, the Appellant fails to cite any cases to substantiate this rather startling proposition. The argument, that

to deny a discharge of a bankrupt works great hardship and that without a discharge a bankrupt cannot live, etc., as found on pages 10 and 11 of the Appellant's Brief, is the sort of an argument directed to appeal to the emotions of the Court rather than to elucidate upon and elaborate upon the law as it exists. This type of argument needs no answer as the very cases cited by the Appellant hold that the Bankruptcy Act is designed to relieve an honest debtor from the weight of his debts. See the very quote on page 11 of the Appellant's Brief, quoting *Local Loan Co. v. Hunt*, 292 U. S. 234, 54 S. Ct. 695, 78 L. Ed. 1230, is to the effect: "One of the primary purposes of the Bankruptcy Act is to relieve the honest debtor from the weight of oppressive indebtedness and to permit him to start afresh, free from the obligations and responsibilities consequent upon business misfortunes." The same applies to *Williams v. U. S. Fidelity and Guarantee Co.*, 236 U. S. 549, 35 S. Ct. 289, 59 L. Ed. 713, which likewise holds that the Bankruptcy Act gives the honest but unfortunate debtor an opportunity to start life again, unhampered by the pressure and discouragement of pre-existing debts.

One has but to examine the Specifications of Objection to the Discharge of the Bankrupt, wherein it is specifically alleged that the bankrupt obtained credit upon a financial statement which was materially false, to discover that the cause of this discharge being barred, was that the bankrupt was not an honest bankrupt. In the various examinations of the bankrupt his answers were evasive, and his demeanor on the witness stand was not such as to impress the Court. As heretofore stated, *supra*, the bankrupt's testimony was impeached by contradictory testimony given on December 17, 1956. The principal witness of the bankrupt was his own wife and it is submitted that even

her testimony was unbelievable. See further contradictory testimony of the bankrupt at pages 70, 71 and 72 of the Transcript of the Record wherein the bankrupt contradicts prior sworn testimony given on May 2, 1957, at 2:00 P. M. At page 84 of the Transcript Mrs. Turner testifies that she purchased all of the furniture and furnishings prior to the time that she married Mr. Turner. At page 85 Mrs. Turner was asked whether or not linens and personal effects had not worn out in the period of some years which had expired since they were purchased, and on page 86 she testified that none of her linens had worn out between 1949 and 1956. [See Tr. p. 86, lines 9-19.] It is submitted that it is simply unbelievable that in a period of some seven years none of the linens of the bankrupt's wife wore out or were replaced, and it is further submitted that the entire record amply demonstrates that this was not a so-called honest bankrupt.

The entire argument found on pages 12, 13 and 14 of the Appellant's Opening Brief is simply that the testimony of the bankrupt and of his witnesses should be believed, and the testimony of Mr. Stemmler should be disbelieved. Even if the stipulated testimony of Stanley Sorenson were believed by the Court, it is merely to the effect that in the first meeting the bankrupt stated that he had invested the assets in Zipco, Inc., and that the remaining assets belonged to Mrs. Turner. This was proven to be false when the bankrupt admitted that Mrs. Turner did not own the assets but that a trust fund in favor of her mother owned the assets. The entire stipulation at no place conflicts with the testimony of Mr. Stemmler in that none of the various meetings are identified in relation to the time at which the financial statement and personal guarantee of the bankrupt were executed. The stipula-



tion would be irrelevant if the various discussions occurred after the credit were advanced in reliance upon the financial statement and personal guarantee of Turner. The stipulation is inconsistent in that although Sorenson repeats various conversations he allegedly heard, yet the stipulation admits that at no time did Sorenson hear Sorenson and Stemmler discuss the account being personally guaranteed by Turner. This would seem to indicate that all of the discussions took place long after the furnishing of the financial statement and the guarantee by Turner, and in this event the entire stipulation would be irrelevant.

**No Error Was Committed When the Court Refused to Introduce the Contract Between Vanadium Alloys Steel Co. and Stemmler.**

At page 36 of the Transcript the attorney for the bankrupt begins questioning Mr. Stemmler regarding his contract or agreement with Vanadium Alloys Steel Co., and on page 38 at line 6, testimony is given that this is not an executed copy but a true copy of an executed copy of the document. Commencing at line 21 of page 38 the Trustee's Objection is interposed:

"I will object to the introduction of that document as no sufficient foundation. It has not been shown that the original is not available. This constitutes a copy which is unsigned. The signature has not been verified, and, in short, there has been no sufficient foundation for the introduction of this in evidence."

At line 5 of page 39 the objection to the document is sustained by the Referee. At page 13, commencing at line 9 of the Appellant's Brief, the Appellant now argues that there was error in the non-admission of the agreement into evidence. Conveniently, the Appellant cites no au-

thority to demonstrate that any error whatever was committed by the Referee and on the contrary argues the relevancy of the document. It is submitted that the objection was well taken under the Best Evidence Rule, that the document was neither signed nor was it a ribbon copy of the original, that the signature was not verified and the document was definitely inadmissible under the Best Evidence Rule, and for the reason that no sufficient foundation had been laid for the introduction of the document.

**There Was No Variance Between the Pleadings and the Proof and if Such a Variance Existed the Same Was Waived by the Appellant.**

Under the heading "the bankrupt waived any objections he might have to the sufficiency of the pleadings by participating in the hearing on the merits" the Appellee has amply demonstrated that on May 2, 1957, the bankrupt wholly participated in a hearing on the merits, allowed testimony to come in regarding all matters which he now objects to as a variance, that no objections were made as to any variance from the pleadings at that time, and that having once participated on the merits, the bankrupt has waived any objections as to a variance or to the form of the pleadings. During the long time which expired subsequent to the filing of the pleadings and service thereof, and the stipulated rehearing before Referee Rifkind, after once participating on the merits, the bankrupt made no attempt to object to the pleadings or to object to the introduction of testimony upon the pleadings as drawn. It is submitted that the bankrupt should now be estopped to raise any objections to the sufficiency of the pleadings or in connection to variances, if any, from the pleadings.

It has been demonstrated above, and in the Statement of Facts, that the bankrupt was the sole shareholder,

managing officer, sole officer and director of Zipco, Inc., at the time the credit was furnished by Vanadium Alloys Steel Co. In addition, it has been demonstrated that Vanadium Alloys Steel Co. requested the personal guarantee of the bankrupt and clearly informed that bankrupt that credit would not be extended unless her personally guaranteed the account. It was further demonstrated that the bankrupt did execute a written guarantee of the account and in connection therewith furnished his personal financial statement. This placed the bankrupt in substantially the same position as a co-signer of a note as by his guarantee he was personally liable for the debt which arose by the furnishing of credit to Zipco, Inc. Once again, the Appellant fails to cite any case authority for the reason that it is probable that none exists in his favor, when he argues that it was not proven that any credit was furnished to the bankrupt personally. We submit that the record amply demonstrates that the credit was furnished solely upon the personal guarantee of Mr. Turner and that this is tantamount to selling the goods directly to Turner.

At page 15 of the Appellant's Brief, the Appellant cites Section 469 of the Code of Civil Procedure of the State of California but overlooks the portion thereof which reads "has actually mislead the adverse party to his prejudice . . ." In the rehearing of the matter, how could the Appellant have been misled when he had already tried the entire matter once on May 2, 1957 [see Tr. pp. 156-202], and the Appellee's theory of the case had been presented to the Court. We submit that under these circumstances a variance, if any, would have been immaterial under the very code sections cited by the Appellant.

At page 16, commencing at line eight and one-half, the Appellant argues that it is necessary under the law to

establish not only that credit was extended, but to establish that the bankrupt received a benefit directly or indirectly as an officer, director and shareholder of the corporation concerned, and that a finding must be made of the nature and extent of his shareholder interest. Again, conveniently, no case authority is cited for the simple reason that this simply is not the law. This argument furthermore overlooks the fact that the credit extended here was clearly credit extended upon the personal guarantee of the bankrupt, and this credit was extended directly to the bankrupt rather than merely furnished to a corporation in which he had an interest. We know of no reason in the law why the bankrupt must have received a benefit directly or indirectly under the facts of the instant matter. In addition, as hereinbefore argued, it was amply demonstrated that the sole party in interest in the bankrupt corporation was the bankrupt himself, and the record will show that the reviewing District Court Judge remanded the matter for the purpose of conducting an additional hearing relating to the specific point of the interest of the bankrupt in Zipco, Inc.

*In re Leichter*, 197 F. 2d 955 (C. A. 3, 1952), cert. den. 344 U. S. 914, cited by the Appellant on page 17 of the Appellant's Brief, has no application to the instant case as that was a case where the financial statement regarding the corporation's assets was furnished by the president of the corporation to a creditor. No personal guarantee by the president was involved, nor was there any sufficient proof as to the interest which the president had in the corporation. In the within case the financial statement involved was a financial statement relating to individual assets of the bankrupt and not to the assets of the corporation of which he was a part owner, and the financial statement in the *Leichter* case was furnished as

an officer of the corporation, as distinguished from the personal financial statement of the bankrupt. No findings were made regarding the stock ownership of the bankrupt for the very reason that any such Findings would have been immaterial under the facts of this case where the bankrupt made a personal financial statement and personally guaranteed the account when in reliance upon his personal guarantee and personal financial statement the credit was extended to the corporation.

### **No Error Was Committed in Connection With the Remanded Hearing.**

On page 18, commencing at line 11, the Appellant makes the unfounded statement "that the sole evidence of the Trustee at the hearing on remand . . ." and on page 17 intimates that the Order on Remand was not complied with. At pages 17 and 18 of the Transcript may be found the Referee's Additional and Supplemental Findings of Fact which were signed and entered on May 16, 1958, which the Appellee will hereinafter demonstrate were completely supported by many items of evidence.

The very application for the issuance of stock which was introduced by the Appellant as an exhibit in connection with the remanded hearing, as set forth in the Findings of the Referee on page 18 of the Transcript of the Record, sets out in paragraph 2 thereof that Milo M. Turner was the president of the bankrupt, and was the real party in interest and in active charge of the business at the time of the application for the issuance of the stock. At Transcript page 129, line 8, Turner admits that he was the president of the corporation, and at line 9 admits that from October 27, 1955, to the date of the filing of the Petition in Bankruptcy he was the president. That on page 130 of the Transcript, commencing at line 3 and



continuing through line 20, Turner admits that he was the president and carried out the administration of the concern and that he signed all of the checks that were issued by the corporation. Commencing at page 131 and continuing to page 133, the bankrupt admits that on December 17, 1956, he testified that he was the president of Zipco, Inc., that he was in active charge of the management of the company, that all of the stock of the corporation was issued to him and that no stock was issued to any other person, and, commencing at line 25 of page 135 and continuing on page 136 the bankrupt exhibits an amazing lack of memory concerning the affairs of the bankrupt, and on page 137, Transcript, admits that he was the president on October 27, 1955. At page 139, Transcript reference is made to the application for issuance of stock, and on page 143, Transcript, and page 144, the application is offered and received into evidence at page 146, Transcript; commencing at line 23½ and continuing on to pages 147 *et seq.*, the bankrupt admits that no stock was issued to his mother-in-law Anna Stoffregen, that the prospective investors objected to the issuance of stock to his mother-in-law, that any investments were set up as notes with a right to convert to stock, and that none of the prospective investors ever elected to exercise an option to convert to stock. In short, the record is replete with testimony which would tend to show that at the time of the making of the financial statement Turner was the president, sole director, sole managing officer, and sole shareholder of the bankrupt corporation.

### Conclusion.

We respectfully submit that while the Appellant sets forth some eight Specifications of Errors, he fails to sustain any one of the same. A reading of the Appellant's Brief leaves one with the impression that he proposes several novel theories of law, concluding that the burden of proof in connection with objections to discharge of a bankrupt is the same as that required in criminal matters, and that when credit is advanced to a bankrupt or to a corporation which he owns, based on his personal financial statement and personal guarantee of the corporation's obligations, he receives no benefit from the furnishing of credit, and each of these various arguments conveniently is unsupported by case authority for the reason that no such authority exists. The Appellant also argues that the testimony of the bankrupt should be believed for the reason that a stipulated statement might tend to corroborate him. This is purely and simply an argument on the sufficiency of the evidence and we respectfully submit that the evidence as demonstrated by the Transcript of the Record clearly demonstrates that each and every Finding of the Referee and of the District Court is amply and abundantly supported by the record.

We therefore respectfully submit that no error has been demonstrated by this Appellee, and that the Orders, Findings of Fact and Conclusions of Law of the District Court and Referee in Bankruptcy should be affirmed.

Respectfully submitted,

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No. 16168 ✓

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United States  
Court of Appeals  
for the Ninth Circuit

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VAN BRODE MILLING CO., INC.,  
Appellant,  
vs.

COX AIR GAUGE SYSTEM, INCORPORATED,  
Appellee.

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Transcript of Record  
(In Two Volumes)  
VOLUME I.  
(Pages 1 to 440, inclusive,)

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Appeal from the United States District Court for the Southern  
District of California, Central Division

FILED

APR - 6 1959

PAUL P. O'BRIEN, CLERK



No. 16168

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United States  
Court of Appeals  
for the Ninth Circuit

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VAN BRODE MILLING CO., INC.,  
Appellant,  
vs.

COX AIR GAUGE SYSTEM, INCORPORATED,  
Appellee.

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Transcript of Record

(In Two Volumes)

VOLUME I.

(Pages 1 to 440, inclusive,)

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Appeal from the United States District Court for the Southern  
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United States District Court, Southern  
District of California, Central Division

Civil Action No. 1045-57 TC

VAN BRODE MILLING CO., INC.,

Plaintiff,

vs.

COX AIR GAUGE SYSTEM, INCORPORATED,  
Defendant.

COMPLAINT

For Infringement of United States Letters Patent  
No. 2,710,660 and For Unfair Competition

Plaintiff complains of the defendant and alleges:

For A First Count

1. Plaintiff is a corporation of the State of Massachusetts, having its principal place of business at Clinton, Massachusetts.

2. Upon information and belief defendant is a corporation of the State of California, having its principal place of business at 2207 South Main Street, Los Angeles 7, California.

3. This cause of action arises under the patent laws of the United States.

4. On June 14, 1955, United States Letters Patent No. 2,710,660 was duly and legally issued to plaintiff as assignee of Sidney Coleman of Maynard, Massachusetts, for an invention in "Battery

Hold-Down Frame of Synthetic Rubber Resin Material". [2]

5. Plaintiff is the owner by assignment of all right and title to United States Letters Patent No. 2,710,660 aforesaid.

6. For some time past defendant has been and still is infringing said Letters Patent No. 2,710,660 by selling in the Southern District of California and elsewhere in the United States battery hold-down frames embodying the patented invention, and will continue said infringement unless enjoined by this Court.

7. Plaintiff has placed the required statutory notice on all battery hold-down frames manufactured and sold by it under said Letters Patent.

8. Plaintiff has been damaged and defendant has profited by said infringement, and plaintiff will be irreparably injured unless this infringement is enjoined.

#### For A Second Count

9. Plaintiff repeats and realleges each and every allegation contained in paragraphs "1" and "2" of this complaint with the same force and effect as if herein set forth at length.

10. This cause of action is for unfair competition and constitutes a substantial and related claim of unfair competition to the claim of patent infringement set forth in the First Count herein, and the Court has jurisdiction of this cause of action under § 1338 of Title 28 of the United States Code.

11. The matter in controversy exceeds, exclusive

of interest and costs, the sum of Three Thousand Dollars (\$3,000.00). Accordingly, the Court has jurisdiction of this cause of action additionally under § 1332 of Title 28 of the United States Code.

12. Plaintiff has for a number of years been and still is engaged in the business of manufacturing and selling battery hold-down frames, and said product of plaintiff has been continuously sold throughout the United States of America, and plaintiff has built up a large and valuable good will and [3] business in said product as being of superior workmanship and design.

13. Plaintiff has extensively sold battery hold-down frames embodying the invention of Patent No. 2,710,660 aforesaid continuously for a number of years in the Southern District of California and elsewhere in the United States, said frames being sold in packages having a distinctive get-up and color scheme and said frames themselves having a distinctive red color in consonance with the dominant color of plaintiff's said packages, all of which have come to be associated by the trade and the purchasing public with the product of plaintiff and plaintiff only.

14. In connection with the sale of the battery hold-down frames aforesaid, plaintiff has employed advertising materials having distinctive legendary matter which has come to be associated by the trade and purchasing public with the product of plaintiff and plaintiff only.

15. The battery hold-down frames sold by defendant are identical in appearance to plaintiff's

hold-down frames and the packages and advertising materials employed by defendant in the sale of said battery hold-down frames are substantially the same in get-up, appearance, color scheme and legendary matter as plaintiff's aforesaid packages and advertising, and the battery hold-down frames sold by defendant are of the identical color as plaintiff's, so that said battery hold-down frames sold by defendant and said selling and advertising materials are calculated to confuse, and, upon information and belief, have caused confusion in the trade and of the general public, and, upon information and belief, said battery hold-down frames sold by defendant have been and are being passed off by defendant and its customers as and for plaintiff's well-known [4] product, all to the unlawful profit of defendant and to plaintiff's irreparable damage and injury.

16. Upon information and belief defendant has made substantial profits from said unfair competition with plaintiff and has caused substantial damage to plaintiff.

17. Plaintiff has no adequate remedy at law and cannot obtain any adequate relief save in this Court by injunction accounting and damages.

Wherefore, plaintiff demands judgment that:

(1) The defendant, its agents, servants and employees and those acting in privity or concert with it, be pendente lite and forever enjoined and restrained from further infringement of United States Letters Patent No. 2,710,660 and against further competition.



(2) All substantially identical and/or confusingly similar packages and advertising materials in the possession or control of defendant used in connection with the sale or offering for sale of battery hold-down frames be impounded or destroyed or so radically altered as not to embody the distinctive appearance of plaintiff's packages and advertising materials for its battery hold-down frames.

(3) The plaintiff recover from the defendant general damages because of defendant's infringement of said United States Letters Patent No. 2,710,660 and unfair competition with plaintiff. [5]

(4) The defendant be ordered to account for and pay over to the plaintiff all profits realized by it upon sales of the said battery hold-down frames in infringement of plaintiff's aforesaid patent and from said unfair competition.

(5) Costs, disbursements and attorneys' fees be assessed against defendant.

(6) The plaintiff have such other and further relief as the Court may deem just and proper in the premises.

VAN BRODE MILLING CO., INC.,  
By LYON & LYON,  
/s/ REGINALD E. CAUGHEY,  
Attorneys for Plaintiff.

KIRSCHSTEIN, KIRSCHSTEIN &  
OTTINGER,  
Of Counsel for Plaintiff. [6]

[Endorsed]: Filed September 3, 1957.

[Title of District Court and Cause.]

## ANSWER

The defendant answers the complaint as follows:

### First Defense

The complaint fails to state a claim against defendant upon which relief can be granted.

### Second Defense

Defendant admits the allegations stated in paragraphs 1, 2, 3, 5, and 9 of the complaint; denies knowledge or information sufficient to form a belief as to paragraphs 7 and 12 of the complaint; denies the allegations of paragraphs 6, 8, 10, 11, 13, 14, 15, 16, and 17; and denies the allegations in paragraph 4 of the complaint in so far as they assert that United States Letters Patent No. 2,710,660 were duly and legally issued to plaintiff.

### Third Defense

Defendant, further answering, avers that said United States Letters Patent No. 2,710,660 and the claims in suit thereof are invalid and void and of no effect in law for the following reasons, [9] among others:

(1) That the patentee thereof was not the original and first inventor or discoverer of the alleged invention therein set forth and claimed, or of any material or substantial part thereof, but on the contrary, long prior to the alleged invention or discovery by said patentee, said invention was known,

discovered and invented by others; and/or the alleged invention and all material or substantial parts thereof were in public use and/or on sale in the United States for more than one year prior to patentee's application for letters patent; and/or all material or substantial parts thereof were published and/or patented by others in the United States and/or foreign countries for more than one year prior to his application for letters patent, by the persons, and at the places, as shown in and by the patents and publications as follows:

Patentee	Patent No.	Date of Issue
Mabey	1,677,789	July 17, 1928
Heitshu	2,360,056	Oct. 10, 1944
Leuvelink	2,382,426	Aug. 14, 1945

#### Publication

Technical Bulletin C-4

Date: May, 1949

Dewey and Almy Chemical Company

Cambridge 40, Mass.

Subject: Darex Copolymer No. 3

and by other persons, prior inventors, public users, patents and by other persons and publications *now known* to defendant, which defendant begs leave to insert by amendment when discovered.

(2) The alleged invention does not constitute a patentable invention, improvement or discovery within the meaning of the patent law in view of the prior state of the art as disclosed in the various patents and publications and in view of what

was common knowledge of those skilled in the art at the time of the alleged invention by said patentee. [10]

(3) In view of the prior art and the wording of the claims of said Letters Patent and of the proceedings in the Patent Office in connection therewith, said Letters Patent is of such limited scope that it does not cover any of the battery hold-down frames as made and sold by the defendant.

(4) The composition and production of the plaintiff's patent was a common and well-known composition and production at the time of the alleged invention purported to be patented in the aforesaid patent. If, therefore, any claim of said Letters Patent would be construed to cover any of the defendant's compositions and productions, such claim is invalid for want of novelty over previous patents, publications and prior uses.

(5) The said Letters Patent in suit is invalid because it is ambiguous, incomplete and uncertain and because the disclosures and claims therein of the alleged invention are not in such full, clear, concise and exact terms as to enable persons skilled in the art to practice the alleged invention as required by law.

(6) While the application for said Letters Patent was pending, the applicant so limited and confined the claims of his application that the plaintiff cannot seek for nor obtain constructions for such claims sufficiently broad to cover any composition or production made and sold by the defendant.

(7) The said Letters Patent in suit is invalid because for the purpose of deceiving the public, the description of the alleged invention filed in the Patent Office was made to contain less than the whole truth relative to the alleged invention, or more than was necessary to produce the desired effect; and because such description was designed to mislead the public as to the character of the alleged invention; and because of the misstatements presented or made by the patentee to the Patent Office for the purpose of inducing the Patent Office to withdraw its rejection of the claims of the application for said patent. [11]

(8) The said Letters Patent in suit was issued without adequate appreciation and understanding of the state of the art by the United States Patent Office and important parts of relevant prior art were overlooked; wherefore, the Commissioner of Patents exceeded his legal authority in granting said Letters Patent, and the same is, therefore, void for lack of originality.

(9) Said Letters Patent in suit is void and invalid because the invention claimed in said patent is substantially different from any invention indicated, suggested or described in the original application.

(10) Each of the claims of said Letters Patent in suit is invalid and void because the disclosure upon which the claim or claims are based is inoperative.

(11) The said Letters Patent is void and invalid

because the invention or discovery alleged to have been the sole invention was, in fact, a joint invention.

(12) The said Letters Patent in suit is void and invalid because the plaintiff and the patentee unjustly obtained the patent and had claims allowed for that which they knew was the invention of another (if there was any patentable invention in the thing purported to be patented by said Letters Patent) or was known in the prior art.

(13) The alleged invention and improvement purported to be covered by said Letters Patent in suit was not proper patentable subject matter and was not new and useful at the time of the alleged invention thereof by the patentee, and is wholly devoid of value and utility and is not the subject matter of valid letters patent.

(14) Because said Letters Patent sets forth and describes an old and familiar device which was known to others and which was in extensive public use long prior to the alleged invention or discovery thereof by the patentee and for more than one year prior to the filing of its application thereon, and within reach and at the disposal of any person familiar with the art to which said alleged [12] invention or discovery belongs, and analogous arts, at the time of and many years before the alleged invention or discovery by the patentee, and said device as claimed in said Letters Patent involved nothing more than mere mechanical skill and did not involve invention.



(15) Because plaintiff is estopped to assert and is not entitled to assert that the subject matter of the claims of said Letters Patent of the United States No. 2,710,660 may validly be claimed or lawfully enforced.

Counterclaim For Declaratory Judgment As To  
The Validity and Infringement of United  
States Letters Patent No. 2,710,660

(1) This cause of action arises out of an actual controversy between the parties hereto, namely, plaintiff's assertion of Letters Patent No. 2,710,660 against defendant and the charge that Battery Hold-Down frames being sold, made and used by defendant infringe said patent.

(2) Jurisdiction is conferred upon this Court with respect to this cause of action by the Patent Laws of the United States and by Title 28, United States Code, Sections 1338, 2201 and 2202.

(3) The United States Letters Patent No. 2,710,660 are invalid and void for the reasons specifically set forth in the Third Defense hereinabove, the allegations of which are set forth herein by reference.

(4) Defendant further avers that it has not committed acts of infringement of rights of plaintiff or of United States Patent No. 2,710,660.

Wherefore, defendant prays:

(a) That the complaint be dismissed.

(b) That this Court grant a declaratory judgment that said Letters Patent No. 2,710,660 is in-

valid, void and of no effect and not infringed by defendant. [13]

(c) That this court grant to defendant its costs, legal expenses and attorneys' fees in this action.

(d) That this court grant defendant such other relief as may be proper.

/s/ I. STEPHEN BRENT,  
Attorney for Defendant. [14]

Affidavit of Service by Mail Attached. [15]

[Endorsed]: Filed October 18, 1957.

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[Title of District Court and Cause.]

### REPLY

Plaintiff answering defendant's counterclaim for Declaratory Judgment alleges as follows:

1. Plaintiff denies the allegations of paragraphs "3" and "4" of the counterclaim.

Wherefore plaintiff demands judgment that the defendant's counterclaim herein be dismissed.

VAN BRODE MILLING CO., INC.,  
By LYON & LYON,  
/s/ REGINALD E. CAUGHEY,  
Attorneys for Plaintiff.

KIRSCHSTEIN, KIRSCHSTEIN &  
OTTINGER,  
Of Counsel for Plaintiff. [16]

Affidavit of Service Attached. [17]

[Endorsed]: Filed October 28, 1957.



[Title of District Court and Cause.]

## OPINION

Yankwich, Chief Judge:

Involved in this litigation are validity and infringement<sup>1</sup> of Coleman Patent No. 2,710,660 filed December 10, 1951 and issued June 14, 1955, for "a battery hold-down frame of synthetic rubber resin material". The chief objects of the invention are stated in the specifications in this manner:

"The main object of the present invention is to provide a hold-down frame made of a material strong enough to resist deformation under tension of the bolts by means of which the hold-down frame is clamped against the battery top, and possessing sufficient resiliency effectively to prevent cracking of the battery top.

"Another object of the invention is the provision of a battery hold-down device which is made of a material that has good electrical insulating properties and is, thus, especially suited for use in connection with electrical batteries.

"A further aim of the invention is to obtain a hold-down device of the character mentioned which has a relatively high heat resistance, and which is non-corrodible, being thus able to withstand deformation by the heat of the engine, near which it is, of necessity, located, and not being subject to attack by the electrolyte of the battery.

"Still another object of the invention is to pro-

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<sup>1</sup> 28 U.S.C.A., § 1338.

vide [117] a battery hold-down device of a material which will not adhere to the battery, thereby permitting convenient removal thereof from the battery."

The Claims are four in number. They are printed in the margin.<sup>2</sup>

Plaintiff's complaint put in issue the infringement of Claim 3, and also charged unfair competition. However, the defendants, by answer and counterclaim, have challenged the validity of all

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<sup>2</sup> What I claim is:

1. A one-piece open battery hold-down frame formed of plastic material, comprising sides, ends connecting said sides, and diagonal clamping members being disposed above the top faces of said ends and sides, the plastic material of which said frame is formed comprising polystyrene the mechanical and physical properties of which have been modified by the addition of a Buna S with a high styrene content, the latter imparting to the polystyrene improved heat resistance, building strength and toughness sufficient to withstand pressure to which the frame is subjected in its function to hold the battery on its support, and also imparting to the polystyrene enough flexibility to prevent breakage of the battery top against which said diagonal members bear in the holding down operation.

2. A one-piece battery hold-down frame according to claim 1, including an inorganic filler added to the modified polystyrene to increase the elasticity of the compound.

3. A one-piece open battery hold-down frame formed of plastic material and including elements bearing against the sides and top of the battery, the plastic material of which said frame is formed comprising polystyrene the mechanical and physical properties of which have been [137] modified by the addition of a Buna S with a high styrene con-

the Claims and, in addition to non-infringement, have pleaded anticipation, invention by others and lack of patentability.<sup>3</sup>

## I.

### The Unfair Competition Claim

Plaintiff's pendant claim of unfair competition<sup>4</sup> may be disposed of summarily by stating that the only alleged act of unfair competition is similarity of the frames of the defendant and of the boxes in which they are kept. The frames are of the same size, because they must fit standard batteries. They are both red. But the plaintiff has no exclusive right to the size of a hold-down which must fit standard batteries. Nor can he appropriate the color red for the making of a plastic hold-down frame and,—in the absence of any imitative deceptive devices which tend to mislead the public as to source and sponsorship of the goods,—claim unfair competition on the part of another device similarly made of plastic and colored red.<sup>5</sup>

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tent, the latter imparting to the polystyrene improved heat resistance, building strength and toughness sufficient to withstand pressure to which the frame is subjected in its function to hold the battery on its support, and also imparting to the polystyrene enough flexibility to prevent breakage of the battery top against which elements of said frame bear in the holding down operation.

4. A one-piece battery hold-down frame according to claim 3, including an inorganic filler added to the modified polystyrene to increase the elasticity of the compound."

<sup>3</sup> 35 U.S.C.A., § 102(a)(b)(e) and (f).

<sup>4</sup> 28 U.S.C.A., § 1338(b).

<sup>5</sup> See the writer's opinion in *Chun King Sales v.*

No evidence has been offered as to actual confusion or tendency to confuse. The evidence in the record shows that the [118] frames are not stacked on shelves where a customer might see them. They are boxed in cartons of the same size, depending upon the size of the batteries. As batteries are standard, the size of the devices, by whomever manufactured and the boxes in which they are kept, must of necessity, be similar. The boxes of the plaintiff emphasize a solid red background with letters and symbols in white. Those of the defendant combine yellow and red, with yellow as the background. The legends are different. So are the symbols. And, even if a customer were to pick one from the shelf, as in the case of canned goods, there would be no likelihood of confusion. As it is, they are not sold by trade name. They are sold, as testified to without contradiction, at the trial, by gas station attendants when asked by an automobile owner to replace the hold-down frame made of steel which all standard automobiles carry. In most instances, the evidence is that it is the supplier who suggests the plastic article in lieu of the equipment to be replaced and is priced higher than the steel replacements. Automotive retailers supply them to the gas stations.

There is nothing in the record to indicate that, in the trade, the color red on the frame, or the colors red and white on the boxes have become asso-

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Oriental Foods, D.C. Cal., 1955, 136 Fed. Supp. 659, 662-666; *Oriental Foods v. Chun King Sales*, 9 Cir., 1957, 244 F. 2d 909, 915-916.

ciated, in the minds of either prospective customers or suppliers with the plaintiff's product, or that either have acquired a secondary meaning which identifies their source and sponsorship with the plaintiff. So the case is lacking absolutely in the essentials which go to constitute unfair competition. [119]

## II.

### The Patent In Suit

The application originally sought two claims, reading:

"1. A one-piece open battery hold-down frame formed of plastic material, comprising sides, ends connecting said sides, and diagonal clamping members at the juncture of said sides and ends, said clamping members being disposed above the top faces of said ends and sides, the plastic material of which said frame is formed possessing strength and toughness sufficient to withstand pressure to which the frame is subjected in its function to hold the battery on its support but having enough flexibility to prevent breakage of the battery top against which said diagonal clamping members bear in the holding down operation.

"2. A one-piece battery hold-down frame according to claim 1, including lugs for engagement with means which force said clamping members into engagement with the battery top."

They were rejected finally by the Examiner on July 2, 1953. On appeal taken by the patentee to the Board of Appeals the action of the Examiner was



approved on March 16, 1955. On April 2, 1955, the applicant filed a proposed amendment to the specifications and new claims by which he claimed the original two claims and the four claims which are now in the patent. The Examiner disallowed the original two claims but allowed the claims now in [120] suit. These facts are very significant, because they indicate clearly that what the patentee originally sought was a monopoly for the construction of a hold-down frame of plastic.

The Examiner, in his first rejection, stated that such a claim was anticipated:

“The further fact that applicant uses a different material than either of these patentees does not produce an article meriting patentability. Moreover the use of plastic, the material adopted by applicant, in forming a holding device, is shown to be old in Leuvelink—see page 2, column 2, lines 49-54 and page 3, column 2, lines 6-8.”

His final rejection included this ground. So what came out of the Patent Office was a patent for an article, in itself not patentable, made of a particular plastic material.

What the patentee now seeks is to monopolize the field by claiming that he taught the art the combination by interpolymerization of the two chemical elements, butadiene and styrene, to secure a plastic frame of this durability.<sup>6</sup>

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<sup>6</sup> See the writer's opinion in *Joyce, Inc. v. Solnit*, D.C. Cal., 1939, 29 Fed. Supp. 787; and see, Ander-

The inventor, Coleman, is not a chemist. The patent in suit, while claiming the combination of butadiene and styrene to produce a Buna S with a "high styrene content" does not specify the proportions to be used. Nor do the specifications. The copolymer referred to as "Darex copolymer No. 3" is manufactured by Dewey & Almy Chemical Company and its formula is known. "Buna S" is a synthetic rubber-resin made by polymerization of butadiene and styrene, invented by the Germans during World War I. The [121] use of the name has disappeared, because later chemistry has displaced the catalyst used in such synthetic materials. The term in the trade for the ordinary synthetic rubber-resin now used is GR-S (Government Rubber Styrene).

There is nothing in the patent to indicate to anyone skilled in the art what the words "high styrene content" mean.

It is a well-known rule that an inventor will be given the benefit of his invention, even though he may, himself, not understand

"the exact nature of the physical or chemical changes involved or resulting from his process, if the product and the process are novel and useful." <sup>7</sup>

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son v. Phoenix Products Co., 7 Cir., 1955, 226 F. 2d 191, 193. A patentee cannot claim more than he invented. *Lincoln Engineering Co. v. Stewart-Warner Corp.*, 1938, 303 U.S. 545, 549.

<sup>7</sup> *Celite Corporation v. Dicalite Co.*, 9 Cir., 1938, 96 F. 2d 242, 246; *Application of La Verne*, C.C.P.A., 1956, 229 F. 2d 470, 473-474. [138]

But an inventor like Coleman who claims a monopoly for a process polymerization of two elements, butadiene and styrene, well-known in the field of chemistry, and who states under oath, as will appear more fully in the discussion to follow,—that he had in mind a styrene proportion “higher than fifty per cent” is confronted with one of several consequences. Either there is no patentability because the patent does not teach any more than what chemical knowledge teaches, i.e., the result of interpolymerizing the two elements, or his patent is invalid for insufficient disclosure.<sup>8</sup> Or, if his definition is accepted, there is no infringement, if another person combines the same elements in different quantities and produces a less durable product.

### III.

#### Patentability

The evidence in the record indicates that the plaintiff's [122] patented article has had commercial success. However, such success does not spell patentability if there be no invention.<sup>9</sup> And the latest decisions of the Supreme Court dealing with chemical patents teach that applying an old process

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<sup>8</sup> 35 U.S.C.A., §§ 111, 112, *Becket v. Coe*, U.S. App. D.C., 1938, 98 F. 2d 332, 336-337; *General Electric Co. v. Wabash Appliance Corp.*, 1938, 304 U.S. 364. The Supreme Court has stated:

“Certainly, if we are to be consistent with Rev. Stat. 4888, a patentee cannot obtain greater coverage by failing to describe his invention than by describing it as the statute commands.” (*Halliburton Co. v. Walker*, 1946, 329 U.S. 1, 13.)

<sup>9</sup> *Celite Corporation v. Dicalite Co.*, *supra*, Note 7,



to an analogous use lacks the very essence of invention.<sup>10</sup> As stated in a leading case:

“A product claim describes an article, new and useful. The principle of the Ansonia case plainly would deny validity to the Pipkin patent if the prior art disclosed an electric bulb so frosted on the inside as to round out the angular crevices produced by the first etching, whether the full utility of the bulb had been previously recognized or not. The same result is indicated where, as in the present case, the prior art discloses the method of making an article having the characteristics of the patented product, though all the advantageous properties of the product had not been fully appreciated.”<sup>11</sup> (Emphasis added.)

This is but an application to chemical patents of the principle that, in order for a new use to be patentable, there must be a new, different and non-analogous result not taught by the prior art and not discernible to those skilled in the art.<sup>12</sup> Unless the patent, especially a process patent, achieves such result, it does not constitute invention, even though it may constitute an improvement on the prior product. [123]

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p. 242; *Photochart v. Photo Patrol*, 9 Cir., 1951, 189 F. 2d 625, 628; *Dow Chemical Co. v. Halliburton Oil Well Cementing Co.*, 1945, 324 U.S. 320, 330.

<sup>10</sup> *Dow Chemical Co. v. Halliburton Oil Well Cementing Co.*, *supra*, Note 9, pp. 327-330; *Mandel Brothers, Inc. v. Wallace*, 1948, 335 U.S. 291, 296.

<sup>11</sup> *General Electric Company v. Jewel Incandescent Lamp Co.*, 1945, 326 U.S. 242, 248.

<sup>12</sup> *Potts v. Creager*, 1895, 155 U.S. 597, 607-608; *Gilbert Spruance Co. v. Ellis-Foster Co.*, 3 Cir.,

The principle was stated by the Court of Appeals of the District of Columbia in a noted case:

“There was no new idea involved in the claimed invention in this case; nor even in a new use made of an old idea. It was no more than a carrying forward of the original idea of using an adhesive tape as a mask for spray-painting, which was well known in the industry. While the Drew composition constituted a more effective combination of familiar ingredients than those previously used, the result was not new within the meaning of patent law, and did not rise to the dignity of invention. The use of his composition accomplished the same thing in the same way, by substantially the same means, with better results. This did not constitute such an invention as to sustain a patent.

“The general characteristics of rubber for adhesiveness and cohesiveness when combined with resin, fillers—such as zinc oxide,—and solvents, as specified in appellant’s claims, were known. Years of experimentation had been devoted to the subject of rubber adhesives, [124] resulting in the production of many varieties of tapes, cements and other products well known to laymen as well as to those

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1940, 114 F. 2d 771, 773; *In re Thuau*, C.C.P.A., 1943, 135 F. 2d 344; *In re Prutton*, C.C.P.A., 1946, 156 F. 2d 87, 88-89; *In re Prutton*, C.C.P.A., 1946, 156 F. 2d 91; *Application of Waite*, C.C.P.A., 1948, 168 F. 2d 104, 108; and see, the writer’s opinion in *Elrick Rim Co. v. Reading Tire & Rubber Co.*, D.C. Cal., 1957, 157 F. Supp. 60, 63; *Stallman v. Casey Bearing Co.*, 9 Cir., 1957, 244 F. 2d 905, 907-908; *Application of Freed*, C.C.P.A., 1946, 156 F. 2d 92, 98. [139]

trained in the art. The final product, upon which a patent is claimed here, came as a result of this long and gradual process of experimentation and differs from those of the prior art only in degree and only as to relative adhesiveness and cohesiveness. No new element was introduced, no startling, unexpected, or radical result was produced. The change made as a result of Drew's research was a change only in form, proportion and degree, plainly indicated by the prior art. It was an easy step rather than a difficult one." <sup>13</sup> (Emphasis added.)

In dealing with metallic alloys or chemical combinations, proportion may, at times, be a critical part of an invention, because it may produce a new and more durable product unlike others known before. So the Courts have recognized, at times, invention to consist of combining certain elements in certain definite proportions, but only when an entirely new and non-analogous result is obtained.

In a leading case on the subject, which has been followed ever since, it was stated:

"Patentable novelty may reside either in the elements of alloys or in the proportions of the [125] elements. If novelty of elements is claimed in the first patent, that patent falls on the plaintiff's failure to controvert the defendant's evidence abund-

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<sup>13</sup> *Minnesota Mining & Mfg. Co. v. Coe*, U.S. App. D.C., 1938, 99 F. 2d 986, 990; and see, *Old Town Ribbon & Carbon Co. v. Columbia Ribbon & Carbon Co.*, 2 Cir., 1947, 159 F. 2d 379; *Sherwin-Williams Co. v. Marzall*, U.S. App. D.C., 1951, 190 F. 2d 606, 607; *Application of Aller*, C.C.P.A., 1956, 220 F. 2d 454, 456.

antly showing that before Churchward vanadium was used with chromium, nickel, manganese and carbon in alloy steels. If novelty of elements is claimed in the second patent, that patent falls on the showing of the first patent. Novelty of the patented alloys, if any, must therefore be found in the proportions of the elements. \* \* \* But novelty of proportions in the sense of the patent law involves something more than figuring out proportions differing from any that were known before. It involves new results from new proportions, developing a new metal, or, it may be, an old metal with new characteristics of structure or performance, embracing entirely new, or at least substantially enhanced, qualities of utility.”<sup>14</sup>

The new codification of the patent law embodies these principles when it defines patentability as:

“\* \* \* any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof,”<sup>15</sup>

In applying the principle, the Courts have held

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<sup>14</sup> Bethlehem Steel Co. v. Churchward Steel Co., 3 Cir., 1920, 268 Fed. 361, 364; and see, Darwin & Milner v. Kinite Corp., 7 Cir., 1934, 72 F. 2d 437, 438; Sakatwalla v. Marburg, C.C.P.A., 1949, 172 F. 2d 227, 232; Oxnard Cannery v. Bradley, 9 Cir., 1952, 194 F. 2d 655, 659. If an element or proportions are critical, they should be disclosed in the patent. Helene Curtis Industries v. Sales Affiliates, 1956, 2 Cir., 233 F. 2d 148, 159-160; Stallman v. Casey Bearing Co., 1957, 9 Cir., 244 F. 2d 905, 907-908.

<sup>15</sup> 35 U.S.C.A., § 101.

that mere changes of size or substitution of obvious material do not amount to patentability.<sup>16</sup> And our own Court of Appeals has warned us: [126]

“But perfection of workmanship, however useful or convenient, does not constitute invention.”<sup>17</sup>

#### IV.

##### The Facts Proved At The Trial

Allusion has already been made to the fact that the original claims of the patent in suit were rejected because the Examiner was of the view that the use of plastic for the making of a hold-down frame for a battery did not involve invention, and that invention was not involved in selecting a particular plastic. The Examiner concluded his final rejection in these words:

“To so select one plastic rather than another, in order to secure one which is judged to be best for the particular service is an everyday practice in the field of plastics, and the mere expression in the present claims of the particular properties expected from the plastic to be used is not considered a basis for patentability.”

The reference in the first rejection to Leuvelink patent is very important. The date of that application was April 22, 1944. The device was a clamping device for electrical units such as batteries and the like. In the specifications, dielectric,—i.e., non-

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<sup>16</sup> Application of Daniel S. Wolfe, C.C.P.A., 1957, 251 F. 2d 854, 856.

<sup>17</sup> Photochart v. Photo Patrol, 9 Cir., 1951, 189 F. 2d 625, 628.



conductive—insulating material, was recommended in order that the base or the mounted plate be insulated from the unit and the element. In recommending the material to be used, Leuvelink stated in his specifications:

“The compression element 12 is preferably formed of insulating material, such as fiber or plastic, [127] to eliminate grounding of the tube to the base plate or in some instances where slight yieldability is desirable and heating effect is of negligible consequence, the element may be formed of molded rubber or similar composition. In the specific illustration of Figs. 1 and 2, the element 12 is preferably formed of two punched discs or plates 16 and 17 of a fiber-glass phenolic composition, to withstand temperatures as high as 300° F., so that deterioration is avoided when in contact with a tube which dissipates considerable heat energy.” (Emphasis added.)

Claim 8 of that patent reads:

“8. A clamping device for a detachable electron discharge tube mounted in a socket, which comprises a pair of rigid posts extending on opposite sides of said tube, a ring member of insulating material having high dielectric properties bearing against the top of said tube, said member having opposed apertured portions slidably fitting over said posts, and a resilient ring secured to said ring member at diametrically opposed points thereon, the free portions of said ring being flexed away from said insulating ring member and having wedg-

ing action against the inner surfaces of said posts to lock said insulating ring member against the top of said tube." (Emphasis added.) [128]

In the original application for the patent in suit, the composition of the materials in the plaintiff's frame was not described with any definiteness. After the Board of Appeals affirmed the Examiner on the ground that the claims were "obviously broader than the disclosure" and made a new rejection on that ground under their Rule 96(b), the patentee amended his application. In one amendment he described the type of copolymer to be used, to include the following:

" 'Darex copolymer No. 3' above referred to is an elastic type of synthetic rubber resin, made by copolymerizing butadiene and styrene to produce a Buna S with a high styrene content."

This definition made its way into the specifications of the patent as granted. However, neither they nor the claims of the patent as issued disclose what is meant by "high styrene content." There is a document in the file wrapper attached to the proposed amendment dated April 7, 1955, which was also introduced at the trial, — a circular by the manufacturer of the composition, which states that the styrene content of the Darex copolymer No. 3 is 70 per cent. Nowhere else are we told what "a high styrene" content means. The inventor in his deposition already referred to stated:

"Q. Mr. Coleman, do you know what the term

high-styrene content means in reference to a butadiene-styrene copolymer?

"A. I believe I do. It means that there is lots of styrene in the majority of the material—the [129] majority of the material contains styrene.

"Q. When you say majority, would you mean more than 50%?

"A. This would be what I think is so.

"Q. In other words——

"A. I have nothing to substantiate. This is just my pure thinking on the thing.

"Q. In other words your pure thinking on the thing, is that right? "A. Yes.

"Q. Indicated that a high-styrene content——

"A. Means more than 50%.

"Q. More than 50% styrene?

"A. Right." (pp. 54, 55.) (Emphasis added.)

The evidence in the record shows that for the first year after the application for the patent was made, during which some 16,000 frames were sold, the chemical combination did not work successfully: defects appeared in the coloration of the frames and there were some breakages. Ultimately, the compound originally used was abandoned in favor of two different compounds available commercially and manufactured by Dow Chemical Company and Monsanto Chemical Company, both of which have a copolymer with a styrene content as high as 80 per cent. Compounds of such high high styrene content were known to the art. There is in evidence a patent to Ditz, No. 2,578,518, issued December 11, 1951, the



filing date of which is May 26, 1948, which is titled "A Moulding Composition for Battery Containers" which not only [130] recommends the use of plastics for battery containers, but actually gives the proportions of two compositions which, when tested, showed the greatest durability. They are copied in the margin.<sup>18</sup>

Beginning in 1948, the known literature in the realm of the chemistry of rubber resins taught the use of high styrene to effect greater resistance. In

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<sup>18</sup> "Example V. The following composition in which the parts are by weight was prepared as described in Example I:

Polystyrene .....	90
Copolymer of butadien-1, 3 with styrene (50:50) .....	10

When molded into a battery container and tested as set forth in Examples I and II above, it exhibited the following properties: [140]

Izod impact—0.47 ft. lb. per inch of notch.

Bulge test—change too small for measurement.

Acid absorption (28 days at 150° F.)—0.072%.

Resistance to the hot and cold cycle test was approximately the same as that of Example I.

Example VI. The following composition in which the parts are by weight was prepared as described in Example I:

Polystyrene .....	75
Copolymer of butadiene-1, 3 with styrene (50:50) .....	25

When subjected to the tests described in Examples I and II above, the following results were obtained:

Izod impact—0.50 ft. lb. per inch of notch.

Bulge test—change too small for measurement.

Acid absorption (28 days at 150° F.)—0.066%.

Results for the hot and cold cycle test were approximately the same as for Example I."

the October, 1948 issue of *India Rubber World*, there appeared an article by H. S. Sell and R. J. McCutcheon of the Goodyear Tire & Rubber Co. in which, in summing up the advancement in the use of synthetic resin rubber blends, it was stated:

"During the course of the past two years the use of high styrene copolymer resins as reinforcing and hardening agents for stocks of GR-S, natural rubber, nitrile rubber, and neoprene has gained widespread acceptance within the rubber industry. In this classification of high styrene copolymer resins are found resins which have styrene-diolefin ratios ranging from 70% styrene to under 95% styrene. The general properties and uses of these resins in rubber compounds have been discussed in the literature."<sup>19</sup> (Emphasis added.)

In *Modern Plastics* of December, 1948, in an article entitled "Interpretations of the Current News," an improved plastic compound known as "Styrene 637" produced by Dow Chemical Company, it is shown that by using polymer of high styrene content, plastic materials can be molded to fit a great variety of objects. [131] It is given in the margin.<sup>20</sup>

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<sup>19</sup> H. S. Sell and R. J. McCutcheon, *Impact Resistant Resin-Rubber Blends*, Oct., 1948, issue of *India Rubber World*.

<sup>20</sup> "The new Styron 637 designed for improved light stability has a useful life before yellowing which is several times that of previously available commercial polystyrene. It sells for 28½ cents in clear and 34½ cents in colored material, or 11½ cents a lb. over standard formulations. In general, it fabricates in the same fashion under the same

In the 1950 Modern Plastics Encyclopedia and Engineer's Hand Book, the use of high styrene copolymers is spoken of as an accepted method in producing "a new series of high impact plastics" for a great variety of uses. The entire paragraph is reproduced in the margin.<sup>21</sup>

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conditions as other Styrons, differing only in that prolonged heating [141] at fabricating temperatures should be avoided. Only one grade is supplied for injection, compression, and extrusion fabrication. Colors are limited to crystal and a range of translucent to opaque whites. Physical properties, with the exception of light stability, are much the same as other high quality polystyrenes.

"The manufacturer points out that light stability of Styron 637 applies to indoor use only. Outdoor weatherability calls for not only light stability, but also other chemical and physical characteristics which are not claimed for this material.

"Styron 637 is recommended as a promising material for diffusion shields, reflectors, etc., in fluorescent lighting particularly, because it will remain white without fading to yellow after a protracted period. In automotive applications, it is recommended for dials, dash panels, escutcheons, and parts likely to be exposed to sunlight inside a car. Clarity and resistance to yellowing make Styron 637 adaptable for molding which are painted on the underneath side, and the crystal compound has color permanence which makes it suitable for lens systems and other optical parts." (R. L. Van Boskirk, Interpretations of Current News, in Modern Plastics, Vol. 7, Dec. 1948, p. 186.)

<sup>21</sup> "Styrene-butadiene copolymers with high styrene content are providing a new series of high impact strength plastics. This product consists of a blend of a high styrene-butadiene copolymer with any of the natural or synthetic rubbers. Compared [142] with the copolymer alone, the resultant mixture displays excellent impact resistance, low water

There is an article dated 1956 entitled "Synthetic Rubber and Rubber Derivatives" by Donald S. Black, which, without giving credit to any claimed invention, describes butadiene-styrene copolymers of the type claimed in this invention as "the most common and widely used of synthetic rubbers." Significantly, in the description, the proportion of styrene is given as 50 per cent. A portion of the article is given in the margin.<sup>22</sup>

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absorption, no change in heat distortion point, only slight differences in tensile strength and elongation, and displays good moldability and machinability characteristics.

"Blends can be compounded to customers requirements, uncompounded master batches of resin and rubber can be obtained, or the resin alone is available to be mixed and compounded by the consumer. Some of the applications for this product include textile spools, chemical buckets, photographic trays, chemical piping, and other uses where hard rubber was formerly employed. In addition to the combination of the copolymers and rubbers, formulations have been developed utilizing various grades of cyclized rubber resin." (Styrene Polymers and Copolymers, Modern Plastics Encyclopedia and Engineer's Handbook, 1950, p. 754.)

<sup>22</sup> "The most common and widely used of the synthetic rubbers today is the copolymer of butadiene and styrene-GR-S (Government Rubber-Styrene).

"Butadiene and styrene are reacted in a range of ratios between virtually 100% butadiene to 50% butadiene/50% styrene. With products containing higher levels of styrene the polymer takes the form of a resin rather than a elastomer. This allows a wide range of finished products with varied physical [143] characteristics. The physical characteristics can be varied still further by the type of reaction, activator or catalyst, emulsifiers, modifiers, and reaction terminators or short-stopping agents.



The evidence in the record shows that the defendant uses a product purchased from Bakelite, which has the tradename of TMD 2155 and is a mixture of (a) butadiene and (b) polystyrene. As already appears, the inventor is not a chemist. He does not claim discovering something which the chemists did not know. The combination of the two elements under discussion to form a resistant resin compound was known and taught in the art for a long time prior to the date of the conception of the invention in suit. So the upshot of the matter is this:

Coleman did not teach how to combine the two elements in order to develop a material that would have durability when used as a frame. That had been taught in the art long before him. At least the patent to Ditz taught it as far back as 1944.

A patent is evidence of invention at the date of the application as to all matters disclosed.<sup>23</sup> But, for

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In addition, the degree to which the monomers are reacted to form the copolymer, i.e., % conversion, definitely affects the finished product.

"During World War II, all of the GR-S produced was manufactured by what is now termed as 'hot' polymerization. The term 'hot' refers to the fact that it was necessary to activate the polymerization at elevated temperatures (approximately 122° F.).

"The monomers (Butadiene and Styrene) are very carefully controlled for purity, because any impurities such as peroxides, sulfides, etc., will adversely affect the reaction time and the finished product. The purity of the butadiene must be at least 98% and the styrene 99 percent." (Modern Plastics Encyclopedia (1956) p. 157.)

<sup>23</sup> *Milburn Co. v. Davis, etc., Co.*, 1926, 270 U.S. 390, 401.

the purpose of determining invention, the date in prior or copending applications showing prior conception in time may be resorted to in order to determine whether the disclosure in them was prior art.<sup>24</sup>

By 1948, the composition and qualities of various Bunas was a matter of common knowledge. So much so that the 1948 edition of Chambers' Technical Dictionary gives these definitions of the various bunas:

“buna (Plastics). Synthetic rubber manufactured (at first in Germany) by polymerization of butadiene with sodium (hence the name Bu + Na). Buna-N (Perbunan) made from interpolymerization of buta-diene with vinyl chloride, has good aging and off-resisting properties; Buna-S, made from butadiene and styrene, has good mechanical, electrical and aging properties; especially used for tyres.” (p. 120.)

### Summary and Conclusion

Coleman was not the first to teach the art to use plastics in the manufacture of battery hold-down frames. His claim to that effect was rejected as not involving invention. Hold-down frames for batteries were long known in the art and have been used in automobiles ever since they began using batteries

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<sup>24</sup> *Milburn Co. v. Davis etc., Co.*, supra, Note 23; *Yale Hook & Eye Co. v. Interwoven Hook & Eye Co.*, D.C. N.Y., 1929, 33 F. 2d 295, 297; *Stelos Co., Inc. v. Hosiery Motor-Mend Corp.*, 2 Cir., 1934, 72 F. 2d 405, 406; *Dyer v. Coe*, U.S. App. D.C., 1941, 125 F. 2d 192, 195-196; *Helene Curtis Industries v. Sales Affiliates*, 2 Cir., 1956, 233 F. 2d 148, 158. [144]

and means and frames of metal to hold them down have been a part of the equipment of every automobile. Any claim to the frame itself was [133] rejected by the Examiner on the patent to Mabey No. 1,677,789, dating back to July 17, 1928, on an application filed August 6, 1927 and Heitshu, No. 2,360,056, dating back to October 10, 1944, on an application filed December 5, 1941. So the claims are, at most, claims for a hold-down frame made of a particular plastic material. When reduced to this, it is quite evident that the defendant's device does not infringe because the copolymer they use has a low and not a high content of styrene. So, if the claims in suit be limited in this respect, there is no infringement.

However, in the light of the discussion which precedes, I am also of the view that the patent is invalid, and that the Examiner was right when in his final rejection he stated that invention does not lie in recommending either the use of plastic or of one plastic rather than another as a material for a battery frame.

The issued claims limit the invention to a hold-down frame composed of a plastic of a certain composition. What stands in the way of their validity is that their teaching was known to the art and in constructing plastics. And Coleman, in recommending the making of a hold-down frame of a special composition, achieved no invention. The use for which he recommends the composition was not new or non-analogous. With the development of plastics, spurred on by the scarcity of rubber after World

War II, the use of plastics of high resistance was to be expected. The record shows that plastics were being used more and more in making certain automobile accessories. And it was inevitable that those [134] connected with the plastic and the automotive industries would think of using them in a hold-down frame for a battery, because it was dielectric, corrosion resistant and more durable than the metal used by automobile manufacturers.

More, the claims are invalid for indefiniteness because they do not teach the proportions in which the materials are to be used. One skilled in the art could not find in them, without conducting experimentation, the exact proportions to be used in order to achieve durability.<sup>25</sup> Again, if invention lies in

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<sup>25</sup>.The words of the Supreme Court in *A. & P. Tea Co. v. Supermarket Corp.*, 1950, 340 U.S. 147 apply here:

“The conjunction or concert of known elements must contribute something; only when the whole in some way exceeds the sum of its parts is the accumulation of old devices patentable. Elements may, of course, especially in chemistry or electronics, take on some new quality or function from being brought into concert, but this is not a usual result of uniting elements old in mechanics. This case is wanting in any unusual or surprising consequences from the unification of the elements here concerned, and there is nothing to indicate that the lower courts scrutinized the claims in the light of this rather severe test.” (p. 152) (Emphasis added)

Here the proportions were not critical. If they were, they were not disclosed. See *Sears, Roebuck & Co. v. Minnesota Mining & Mfg. Co.*, 4 Cir., 1957, 243 F. 2d 136, 141-142. And see, cases cited in Notes 8 and 14, *supra*.



the use of a polymer of high styrene content, Coleman did not teach that to the art. It was old in the art and he cannot claim what he did not invent.<sup>26</sup>

It follows that judgment should be for the defendant, that the plaintiff take nothing by its complaint and that the defendant have judgment on its counterclaim as follows:

1. The patent in suit is, and all its claims are, invalid for the following reasons:

(a) Insufficiency of disclosure, because the specifications do not contain "a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and

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<sup>26</sup> The Supreme Court has stated:

"Patents, whether basic or for improvements, must comply accurately and precisely with the statutory requirements as to claims of invention or discovery. The limits of a patent must be known for the protection of the patentee, the encouragement of the inventive genius of others and the assurance that the subject of the patent will be dedicated ultimately to the public. The statute seeks to guard against unreasonable advantages to the patentee and disadvantages to others arising from uncertainty as to their rights. The inventor must 'inform the public during the life of the patent of the limits of the monopoly asserted, so that it may be known which features may be safely used or manufactured without a license and which may not.' The claims 'measure the invention.' Patentees may reasonably anticipate that claimed inventions, improvements and discoveries, turning on points so refined as the granular structure of products, require precise descriptions of the new characteristics for which protection is sought. In a limited field the variant must be clearly defined." (*General Electric Co. v. Wabash Appliance Corp.*, 1938, 304 U.S. 364, 369)

exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same," do not "set forth the best mode contemplated by the inventor of carrying out his invention,"<sup>27</sup> and do not "conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention."<sup>28</sup> [135]

(b) The patent does not amount to invention over the prior art.<sup>29</sup>

2. The defendant's device does not infringe any of the claims of the patent in suit because

(a) The claims are invalid;

(b) The defendant's device is not made in accordance with the teachings of the patent in suit, because the copolymer used in the plastic for the construction of the defendant's hold-down frame has a low and not a high styrene content.

Costs to the defendant. No attorneys' fees. Findings and judgment to be prepared by counsel for the defendant under local Rule 7 in accordance with the views expressed in this opinion.

Dated this 21st day of April, 1958.

/s/ LEON R. YANKWICH,  
U. S. District Judge. [136]

[Endorsed]: Filed April 21, 1958.]

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<sup>27</sup> 35 U.S.C.A., § 112, cl. 1.

<sup>28</sup> 35 U.S.C.A., § 112, cl. 2.

<sup>29</sup> 35 U.S.C.A., § 102(a)(b)(e) and (f).

In the United States District Court, Southern  
District of California, Central Division

Civil Action No. 1045-57 Y

VAN BRODE MILLING CO., INC.,  
Plaintiff,  
vs.

COX AIR GAUGE SYSTEMS, INC.,  
Defendant.

FINDINGS OF FACT AND CONCLUSIONS  
OF LAW AND FINAL JUDGMENT

Findings of Fact

1. The plaintiff, Van Brode Milling Co., Inc. is a Massachusetts Corporation.

2. The defendant, Cox Air Gauge Systems, Inc. is a California Corporation.

3. Plaintiff manufactures and sells a red [161] battery hold-down frame of synthetic rubber resin material in various sizes, designed to fit over standard storage batteries for the purpose of holding the said batteries in place. The sizes of plaintiff's frame depends on the sizes of the standard battery for which it is designed.

4. The plaintiff's frames are boxed in cartons of various sizes, depending on the size of the frame to be packaged. The boxes of plaintiff emphasize a solid red background with letters and symbols in white.

5. The defendant purchases for resale and sells,

red battery hold-down frames of synthetic rubber resin material from Kravex Manufacturing Corporation, a New York corporation whose principal place of business is in Brooklyn, New York.

6. The frames are also of various sizes, depending on the sizes of the standard batteries for which they are designed, and are boxed in cartons of various sizes depending on the size of the frame. The cartons of the Kravex frame combine yellow and red with yellow as the background.

7. The legends on the plaintiff's carton and on the defendant's carton are different; so are the symbols.

8. The plaintiff's frames and the Kravex frames are of the same sizes because they must fit standard [162] batteries and they are both red.

9. There is no evidence of imitation or deception which would tend to mislead the public as to the source and sponsorship of the goods.

10. All of the elements and features of the Kravex frames and the plaintiff's frame are functional and there is no unique design in the construction or ornamentation of the frames.

11. There is no evidence of actual confusion or tendency to confuse.

12. The frames are boxed in the cartons. They are sold by gas station attendants when asked by an automobile owner to replace the steel hold-down frame which is standard equipment on automobiles. Automotive retailers supply the frames to the gas

stations and in most instances, it is the gas station personnel who suggests to the consumer that the steel frame be replaced by a plastic frame. The plastic frame is priced higher than the steel frame.

13. There is nothing in the record to indicate that the color red on the frame or the colors red and white on the boxes, have become associated in the minds of either prospective customers or suppliers with the plaintiff's product or that either have acquired a secondary meaning which identifies their source and sponsorship with the plaintiff.

14. Since steel is a conductive of electricity and may short circuit the battery, and may also crack the battery case, these disadvantages are overcome when a plastic battery frame of sufficient strength to hold down the battery, which is also flexible and yielding as well [163] as a non conductive of electricity, is employed.

15. Some time prior to December 10, 1951, Sidney Coleman conceived the idea of molding a plastic battery hold-down frame which would be strong enough to hold down a battery without cracking, and which would not have the disadvantages of a steel battery hold-down frame.

16. On June 14, 1955, United States Letters Patent No. 2710660 were issued to the plaintiff, assignee of Sidney Coleman, for a battery hold-down frame of synthetic rubber resin material. Coleman filed application for this patent on December 10, 1951.

17. The plaintiff has since the date of issuance of said patent, been owner of said letters patent.



18. There is no evidence of conception or reduction to practice of the invention claimed in plaintiff's patent prior to January, 1951.

19. The chief objects of the invention as stated in the patent are:

"The main object of the present invention is to provide a hold-down frame made of a material strong enough to resist deformation under tension of the bolts by means of which the hold-down frame is clamped against the battery top, and possessing sufficient resiliency effectively to prevent cracking of the battery top.

Another object of the invention is the provision of a battery hold-down device which is made of a material that has good electrical insulating properties and is, thus, especially suited for use in connection with electrical batteries.

A further aim of the invention is to obtain a hold-down device of the character mentioned which has a relatively high heat resistance, and which is non-corrodible, being thus able to withstand deformation by the heat of the engine, near which it is, of necessity, located, and not being subject to attack by the electrolyte of the battery. [164]

Still another object of the invention is to provide a battery hold-down device of a material which will not adhere to the battery, thereby permitting convenient removal thereof from the battery."

20. The claims are four in number, and are as follows:

"1. A one-piece open battery hold-down frame,

formed of plastic material, comprising sides, ends connecting said sides, and diagonal clamping members at the juncture of said sides and ends, said clamping members being disposed above the top faces of said ends and sides, the plastic material of which said frame is formed comprising polystyrene the mechanical and physical properties of which have been modified by the addition of a Buna S with a high styrene content, the latter imparting to the polystyrene improved heat resistance, building strength and toughness sufficient to withstand pressure to which the frame is subjected in its function to hold the battery on its support, and also imparting to the polystyrene enough flexibility to prevent breakage of the battery top against which said diagonal members bear in the holding down operation.

2. A one-piece battery hold-down frame according to claim 1, including an inorganic filler added to the modified polystyrene to increase the elasticity of the compound.

3. A one-piece open battery hold-down frame formed of plastic material and including elements bearing against the sides and top of the battery, the plastic material of which said frame is formed comprising polystyrene the mechanical and physical properties of which have been modified by the addition of a Buna S with a high styrene content, the latter imparting to the polystyrene improved heat resistance, building strength and toughness sufficient to withstand pressure to which the frame is sub-

jected in its function to hold the battery on its support, and also imparting to the polystyrene enough flexibility to prevent breakage of the battery top against which elements of said frame bear in the holding down operation.

4. A one-piece battery hold-down frame according to claim 3, including an inorganic filler added to the modified polystyrene to increase the elasticity of the compound.”

21. The application for the suit patent originally sought two claims, numbered 1 and 2, which sought a monopoly for the construction of a battery [165] hold-down frame made of plastic. They were finally rejected by the Patent Office Examiner on July 2, 1953.

22. The Examiner's rejection was based on the prior art patents of Mabey, United States Letters Patent No. 1,677,789 granted July 17, 1928; Heitshu, United States Letters Patent No. 2,360,056 granted October 10, 1944; and Leuvelink, United States Letters Patent No. 2,382,428 granted August 14, 1945. The patents of Mabey and Heitshu disclosed battery hold-down frames. The Examiner stated that to cast Mabey's frame with the corner members disposed as in Heitshu or to form the latter's frame as an integral casting as taught in Mabey, would not amount to invention; the further fact that Coleman used a different material, a plastic, did not produce an article meriting patentability; moreover, the use of plastic is shown to be old, in Leuvelink.

23. In addition to the patents cited by the Ex-



aminer, the defendant introduced the patents of Harrison, United States Letters Patent No. 2,170,325, and Thannauser, United States Letters Patent No. 2,306,833, issued December 29, 1942, both for battery hold-down frames. Long prior to the alleged invention of Coleman, battery hold-down frames in the shape, form and design of plaintiff's were old in the art.

24. Coleman appealed to the Board of Appeals of the Patent Office from the Examiner's final rejection, and on March 16, 1955, the Board affirmed the Examiner. The Board found that the claims were unpatentable because they were broader than the disclosure and stated that the claims which were drawn broadly to the entire class of [166] plastic materials were broader than the disclosure in the specification, which merely cited one example of a frame made of polystyrene modified by copolymer, made by the Dewey and Almy Chemical Company under the trade name Darex Copolymer No. 3.

25. On April 2, 1955, Coleman filed a proposed amendment to the patent application, in which he cancelled the two original claims and added four new claims. At the same time an amendment was made to the specification to define Darex Copolymer No. 3 as "an elastic type of synthetic rubber resin made by copolymerizing butadiene and styrene to produce a Buna S with a high styrene content." The four claims originally numbered 3, 4, 5 and 6 are re-numbered as 1, 2, 3 and 4 in the issued patent. Each comprised the following language in

claiming a battery hold-down frame, either directly or by reference:

“The plastic material of which said frame is formed comprises polystyrene, the mechanical and physical properties of which have been modified by the addition of Buna S with a high styrene content.”

26. The patent which was thereafter issued to plaintiff is for an article, a battery hold-down frame, made of a plastic material loosely defined as polystyrene modified by Buna S with a high styrene content.

27. At the time of the Amendment of April 2, 1955, Coleman's attorney submitted as an exhibit to the Examiner, the Dewey & Almy Chemical Co. C-4, dated May 1949, which showed the styrene content of Darex Copolymer No. 3 to be 70%. This exhibit is a part of the Coleman file wrapper. However, no proportions of polystyrene to the copolymer, nor any proportion of [167] butadiene to styrene in the copolymer are given anywhere in the specifications and claims of the issued patent.

28. The Coleman file wrapper does not show any search of the prior art of plastic materials or articles made therefrom on the part of the Patent Office.

29. The defendant produced in evidence a patent not cited by the Patent Office, for a molding composition for battery containers and covers, issued on application of Ditz, United States Letters Patent No. 2,578,518, dated December 11, 1951.

30. The filing date of the Ditz patent is May 26, 1948. It not only recommends the use of plastics for battery containers but actually gives the preparation of two compositions which when tested showed the greatest durability. The preparations given are not only for the ratio of polystyrene to the copolymer but also for the composition of the copolymer itself. Claim 5 of the Ditz patent covers a plastic material of polystyrene modified by a copolymer of butadiene and styrene content in the copolymer ranging from 20% to 50% by weight.

31. Beginning in 1948, the published literature in the realm of the chemistry of rubber resins taught the use of high styrene copolymers to effect greater strength in plastic materials.

32. Modern Plastics magazine, published in December 1948, at page 190, and the 1950 Modern Plastics Encyclopedia and Engineer's Handbook published at least as early as June 16, 1950, at page 755 teach that a high styrene-butadiene copolymer (Darex Copolymer X-34, Dewey and Almy Chemical Co., styrene content 85%) was blended [168] with polystyrene to give tough blends with higher elongation impact strength and good mold flow.

33. Coleman did not teach how to combine polystyrene with copolymer of butadiene and styrene with a high styrene content in order to develop a plastic material that would have durability when used as a battery hold-down frame. That was taught and known in the art long before him, at least as early as December, 1948.

34. The suit patent nowhere defines what is meant by the term "high styrene content" except that the Dewey and Almy Chemical Co. Technical Bulletin of May 1949, shows a styrene content of Darex Copolymer #3 to be 70%. The published literature produced at the trial and admitted in evidence, defines the classification of high styrene copolymer resins as having styrene content ranging from 70% to just under 95% by weight.

35. The entire range of styrene content in styrene-butadiene copolymer varies from almost none to almost 100%.

36. The inventor Coleman testified that to him the term "high styrene content" in reference to the copolymer meant that there was a majority of styrene, more than 50% styrene.

37. The term "high styrene content," as used in the specifications and claims of the patent, means more than 50% styrene.

38. The specification of the suit patent does not contain a written description of the invention and of the manner and processes of making and using it in such full, clear, concise and exact terms as to enable any person [169] skilled in the art to which it pertains or with which it is most nearly connected to make and use the invention, and it does not set forth the best mode contemplated by the inventor of carrying out his invention.

39. The specification does not conclude with one or more claims which particularly point out and

distinctly claim the subject matter which the applicant regards as his invention.

40. Neither the specification nor the claims teach the proportions in which the materials are to be used and one skilled in the art cannot find in them, without experiment action, the proper preparations to be used in order to manufacture a durable battery hold-down frame.

41. The term "high styrene content" as used in the patent is vague and indefinite, and as used in the claims is broader than the applicant's disclosure. Even construing it to mean more than 50% styrene content, it covers too broad a range and gives to the patent holder far more than he would be entitled to.

42. If invention lies in the use of a copolymer of high styrene content, Coleman did not teach that to the art. It was old in the art and the suit patent cannot claim what Coleman did not invent. The patent does not amount to invention over the prior art.

43. The letter of Karl M. Fox, published at page 190, in *Modern Plastics* for December, 1948, and the article on "Styrene Polymers and Copolymers" published on June 16, 1950 in the 1950 *Modern Plastics Encyclopedia and Engineer's Handbook*, at page 754 et seq. teach the claimed elements of Coleman's invention insofar as it is disclosed in the specification and claims of the suit patent, and the mentioned articles are statutory bars having been published more than one year prior to December 10, 1951, the



date of the Coleman application. The patent of Ditz also teaches the claimed elements of the Coleman patent.

44. The frame sold by the defendant is made from a complete molding material known as Bakelite TMD 2155. It comprises a physical mixture consisting of a predominant amount of polystyrene, a minor amount of copolymer of butadiene and styrene and a small amount of pigment to produce a red frame. The copolymer consists of butadiene in the range of 58% to 62% by weight and styrene in the range of 38% to 42% by weight. This is copolymer with a low styrene content.

45. \* \* \* \* \*

46. The plaintiff began manufacturing its battery hold-down frames on March 10, 1951 and from that date until about July, 1952 its frames were of a plastic material comprising a physical mixture consisting of a predominant amount of polystyrene and an amount of copolymer known as Darex Copolymer #3, consisting of butadiene in the amount of 30% by weight and styrene in the amount of 70% by weight. This copolymer is one with a high styrene content.

47. The plaintiff, during the period of time [171] it used the combination of polystyrene and Darex Copolymer #3, was unable to produce an unqualifiedly commercially acceptable frame in that frames would be discolored and would have a tendency to crack.

48. In or about July, 1952, the plaintiff discontinued the use of polystyrene and Darex Copolymer

#3 because it proved unsatisfactory, and switched over its production to battery frames made entirely of Bakelite TMD 2155, comprising ingredients as set forth in Finding #44, hereinabove. In 1952, the Bakelite material was known as BMSQ 155, the only difference being in the designation.

49. The plaintiff continued using Bakelite TMD 2155 until about November 1952, and during this period of production the material of plaintiff's frames was identical to the material in the Kravex frames. The copolymer used during this period had a low copolymer styrene content.

50. Since about November, 1952, and continuing through the date of trial, the plaintiff manufactured its battery frames of a physical mixture of the aforementioned Bakelite TMD 2155 (originally designated BMSQ 155) and a material furnished by the Monsanto Chemical Co. which is at present designated as Lustrex Hi-Test 89 and was formerly known as LT-1173 Red p 61-235-2 Lustrex LT and LT-1173 Red PIB-2 Lustrex LT. The Monsanto material comprised a physical mixture of a predominant amount of polystyrene and a minor amount of a copolymer of butadiene and styrene. The copolymer consists of butadiene in the range of 60% [172] to 50% by weight and styrene in the range of 40% to 50% by weight. The copolymer in the material of these frames has a low styrene content.

51. In 1952, when the plaintiff changed its production from the mixture of polystyrene and Darex Copolymer #3 over to Bakelite, and later to the



combination of Bakelite and Monsanto materials, it experienced no further difficulty and was able to produce a commercially acceptable battery hold-down frame. Thereafter the plaintiff's frame achieved considerable commercial success. Over \$1,000,000.00 worth of frames were sold. The successful frames were made of polystyrene modified by a copolymer with a low styrene content.

51a. The frames produced with polystyrene and Darex Copolymer #3, the copolymer with a high styrene content, lacked utility and since the specification and claims of the suit patent described and claimed a material modified by a copolymer with a high styrene content, the patent is invalid by reason of lack of utility. Claim 3 on which the plaintiff relies is at most a claim for a hold-down frame made of a particular plastic material modified by a copolymer described as a "Buna S with a high styrene content." The Kravex frame sold by the defendant does not infringe, because the copolymer used in it has a low, and not a high styrene content.

52. All materials used by the plaintiff in its battery hold-down frames were well known in the art prior to plaintiff's use thereof. It is not invention to use plastic or a part of plastic material rather than another material, as a material for a battery frame. In addition, [173] the use of plastic for a hold-down frame was disclosed by Leuvelink prior to Coleman.

53. The use of plastic material to produce a dura-

ble article such as a frame was known in the art and invented by others prior to the alleged invention of Coleman.

### Conclusions of Law

1. This Court has jurisdiction of the parties to this action and of the subject matter. (Title 28 U.S.C. Sec. 1338.)

2. There is no evidence to sustain plaintiff's claim for unfair competition.

3. The frame is not sold in unfair competition with plaintiff's frame.

4. The plaintiff has acquired no exclusive right to the use of the color red for battery hold-down frames.

5. The plaintiff has no exclusive right to the size, form and design of its hold-down frames.

6. Not having proved secondary meaning, nor deception, nor likelihood of confusion, the plaintiff is not entitled to relief for unfair competition.

7. The battery frame set forth and defined in the specification and claims of the Coleman Patent No. 2,710,660 lacks utility and is not a patentable invention within the meaning of Title 35 U.S.C. Section 103, and is therefore invalid.

8. The specification of the Coleman Patent [174] No. 2,710,660 is indefinite because it does not teach the proportions in which the materials or the frame are to be used. One skilled in the art cannot find in it, without conducting experimentation, the exact proportions to be used in order to achieve a frame

of durability, and none of the claims appended to the specification particularly point out and distinctly claim the subject matter which Coleman regarded as his invention in accordance with Title 35 U.S.C. Section 103, and the said patent No. 2,710,660 is invalid in its entirety.

9. Assuming that the patent sufficiently disclosed and claimed what Coleman regarded as his invention, it still does not amount to invention over the prior art, and the patent is therefore invalid in its entirety. The subject matter of the Coleman Patent No. 2,710,660 was stated in more than one printed publication in evidence published more than one year prior to the date of application for the patent, and in accordance with Title 35 U.S.C. Section 102, the patent is invalid in its entirety.

10. The frames sold by the defendant do not infringe any of the claims of the patent in suit because the claims are invalid.

11. The frames sold by the defendant do not infringe any of the claims of the patent in suit because the said frames are not made in accordance with the teachings of the suit patent, because the copolymer used in the plastic for the construction of the accused hold-down frames had a low, and not a high styrene content.

12. The plaintiff's complaint should be dismissed in its entirety. [175]

13. The defendant is entitled to judgment on its counterclaim declaring that the suit patent and all of the claims thereof are invalid and that the ac-

cused frame does not infringe any of the claims of the suit patent.

14. Defendants are awarded costs; the attorney's fees are denied.

Dated: May 20, 1958.

/s/ LEON R. YANKWICH,  
U. S. District Judge. [176]

In the United States District Court for the Southern District of California, Central Division

Civil Action No. 1045-57 TC

VAN BRODE MILLING CO., INC.,  
Plaintiff,

vs.

COX AIR GAUGE SYSTEM, INC.,  
Defendant.

### FINAL JUDGMENT

The issues in this case came on and were tried on final hearing of pleadings and evidence presented by both sides, and determined by this Court, and said Court having duly rendered its decision and made Findings of Fact and Conclusions of Law, now, it is, [177]

Ordered, Adjudged and Decreed as follows, that:

1. The plaintiff's complaint shall be and the same is hereby dismissed in its entirety.

2. The defendant shall have and is hereby granted judgment on its counterclaim declaring

the United States Letters Patent No. 2,710,660 invalid and not infringed by the plastic battery hold-down frames sold by the defendant (35 USCA, and 102 (a) (b) (e) and (f), §112, cl. 1 and 2).

3. The defendant recover from plaintiff its costs, as taxed, in the sum of \$325.49, but not attorney's fees.

Dated: May 28th, 1958.

/s/ LEON R. YANKWICH,  
United States District Judge.

Acknowledgment of Receipt of Copy attached.

[Endorsed]: Filed and Entered May 20, 1958.

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[Title of District Court and Cause.]

### NOTICE OF APPEAL

Notice Is Hereby Given that Van Brode Milling Co., Inc., Plaintiff in the above entitled action hereby appeals to the United States Court of Appeals for the Ninth Circuit from the final Judgment docketed and entered in this action on May 20, 1958 and from each and every part thereof.

Dated: June 10th, 1958.

LYON & LYON,  
/s/ By R. E. CAUGHEY,  
Attorneys for Plaintiff. [184]

[Endorsed]: Filed June 10, 1958.

[Title of District Court and Cause.]

STIPULATION

It Is Hereby Stipulated, by and between the parties through their respective counsel, that the time within which plaintiff may file its record on appeal and docket its appeal pursuant to Rule 73(g) of the Federal Rules of Civil Procedure may be extended to and including September 8, 1958.

Plaintiff filed its Notice of Appeal on June 10, 1958, and accordingly the aforesaid extension of time is within the 90-day period provided for in Rule 73(g).

This stipulation is not entered into for the purpose of delay, but is occasioned by the fact that the reporter in the trial of this action, a Mr. Samuel Goldstein, has advised plaintiff that it will be at least three weeks before he can provide plaintiff with a copy of the transcript of the trial. Accordingly, [185] plaintiff is not now able to designate the record on appeal or to file its record on appeal or designate its appeal.

Dated at Los Angeles this 23rd day of June, 1958.

LYON & LYON,  
/s/ R. E. CAUGHEY,  
Attorneys for Plaintiff.

BUCHALTER, NEMER, COYLE &  
COOPER,  
/s/ By RICHARD B. COYLE,  
Attorneys for Defendant.



/s/ EDWARD HALLE,  
Of Counsel.

It Is So Ordered, this 8th day of June, 1958.

/s/ LEON R. YANKWICH [186]

[Endorsed]: Filed July 8, 1958.

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[Title of District Court and Cause.]

### CERTIFICATE BY CLERK

I, John A. Childress, Clerk of the above-entitled Court, hereby certify the items listed below constitute the transcript of record on appeal to the United States Court of Appeals for the Ninth Circuit, in the above-entitled matter:

A. The foregoing pages numbered 1 to 188, inclusive, containing the original:

Complaint.

Summons.

Answer.

Plaintiff's reply to Defendant's counterclaim.

Notice of taking depositions, filed 11/1/57.

Minute Order 11/4/57.

Stipulation and order re depositions filed 11/8/57.

Notice taking depositions, filed 1/3/58.

Interrogatories propounded to Defendant.

Minute Order 1/15/58.

Stipulation and Order re answering or objecting to interrogatories.

Stipulation and order re depositions filed 2/13/58.

Order to Show Cause.

Minute Order 2/24/58.

Notice taking depositions, filed 3/3/58.

Minute Order 2/2/58.

Minute Order 3/4/58.

Plaintiff's Trial Memorandum.

Minute Order 3/17/58.

Defendant's Trial Memorandum.

Order transferring case under Local Rule 2.

Minute Order 3/25/58.

Minute Order 3/26/58.

Minute Order 3/27/58.

Minute Order 3/28/58.

Opinion.

Minute Order 4/21/58.

Objections to proposed Findings of Fact, Conclusions of Law and Final Judgment.

Bill of Costs.

Findings of Fact, Conclusions of Law and Final Judgment.

Minute Order 5/20/58.

Clerk's notice of entry of judgment.

Stipulation re costs.

Notice of Appeal.

Stipulation extending time to file and docket record on appeal.

Plaintiff's Contents of Record on Appeal.

B. Plaintiff's Exhibits 1 to 86, inclusive.

Defendant's Exhibits A to M, inclusive; Q to Z, inclusive; AA, AA-1.

C. Four volumes of Reporter's Official Transcript of proceedings had on March 25, 1958;

March 26, 1958; March 27, 1958 and March 28, 1958.

I further certify that my fee for preparing the foregoing record, amounting to \$2.40, has been paid by appellant.

Dated: August 22, 1958.

[Seal]                      JOHN A. CHILDRESS,  
                                 Clerk  
                              /s/ By WM. A. WHITE,  
                                 Deputy Clerk

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In the United States District Court, Southern  
District of California, Central Division

No. 1045-57-Y Civil

VAN BRODE MILLING CO., INC.,  
   Plaintiff,

vs.

COX AIR GAUGE SYSTEM, INC.,  
   Defendant.

REPORTER'S TRANSCRIPT OF  
PROCEEDINGS

Los Angeles, California, Tuesday, March 25, 1958

Honorable Leon R. Yankwich, Judge presiding.

Appearances: For the Plaintiff: Lyon & Lyon,  
by Reginald E. Caughey, Esq., and Kirschstein,  
Kirschstein and Ottinger, by David Kirschstein,  
Esq., New York 17, New York. For the Defendant:  
Buchalter, Nemer, Coyle & Cooper, by Richard B.

Coyle, Esq., and Kane, Kessler and Proujansky, by Albert Proujansky, Esq., and Edward Halle, Esq., New York, New York. [1\*]

\* \* \* \* \*

Mr. Kirschstein: I will call as the first witness Sam Ert.

SAMUEL ERT

called as a witness by and on behalf of the plaintiff, having been first duly sworn, was examined and testified as follows:

The Clerk: What is your full name?

The Witness: Samuel Ert.

The Clerk: Spell the last name, please.

The Witness: E-r-t.

Direct Examination

Q. (By Mr. Kirschstein): Mr. Ert, what is your occupation?

A. I operate a battery repair shop at 1339 North Highland, Sam the Battery Man, Hollywood.

Q. What is the business of that shop?

A. I sell and repair storage batteries.

Q. Sell and repair storage batteries?

A. Sell and repair storage batteries, yes, sir.

Q. How long have you had contact with storage batteries?

A. Originally I started in 1911, and I have been in it [21] ever since.

Q. Do you own this shop, Sam the Battery Man?

A. Yes.

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\* Page numbers appearing at top of page of original Reporter's Transcript of Record.

(Testimony of Samuel Ert.)

Q. How long have you owned it?

A. Eight years.

Q. Before this shop, what was your business?

A. Selling storage batteries for General Motors, Willard Storage Battery Company, and in this city for Schaefer Automotive.

Q. Are you thoroughly familiar with automobile storage batteries?

A. I think so, yes, sir.

Q. Are you familiar with their operation?

A. The function of a storage battery?

Q. Yes, the function.                   A. Yes, sir.

Q. Are you familiar with an item known as a battery hold-down frame?           A. Yes, sir.

Q. What is a battery hold down frame used for?

A. To hold a battery in place from moving around, you know; hold it in place.

Q. Are you familiar with metal battery hold-down frames?           A. Yes, sir.

Q. How long have you been familiar with such frames? [22]

A. Well, since the origination of batteries. Since we had batteries in automobiles, to hold them in place. We had nothing else but metal bands.

Q. How far back does that go?

A. I can say to 1914.

Q. Have these metal frames had any defects?

A. Yes. They are dangerous in certain parts, especially in the last few years where the battery is under the hood, we find metal frames have sulfa-

(Testimony of Samuel Ert.)

tion, corrosion, and possible shortage to cause a fire.

Q. How long has this problem with these frames been in existence?

A. Well, it has been in existence, I think, since storage batteries have been made, sir.

Q. Since they started making them?

A. Yes, since they used them in automobiles. Storage batteries were made before they used them in automobiles.

Q. Have you brought anything with you to illustrate what happens to these metal frames?

A. Yes, sir. I have with me a frame here which we took out of a Ford car which caused a fire. This cable touched this frame here and caused a fire and burned the storage battery, the terminal, right off the battery, your Honor.

The Court: How long ago was that? [23]

The Witness: This was about two or three weeks ago.

I have here——

The Court: I think counsel had better identify them.

The Clerk: It will be marked as Plaintiff's Exhibit 54 for identification.

Plaintiff's Exhibit 55 for identification.

(The exhibits referred to were marked Plaintiff's Exhibits 54 and 55 for identification.)

Q. (By Mr. Kirschstein): Mr. Ert, what is this Exhibit Plaintiff's Exhibit 55 for identification?

A. That is a cable that comes from the starting



(Testimony of Samuel Ert.)

switch to the battery, or rather from the battery to the starting switch, and this is the holder that holds the battery in place.

Mr. Kirschstein: Let the record show that the witness was referring to Plaintiff's Exhibit 54 for identification.

The Court: All right.

Mr. Kirschstein: Your Honor, may I remain here?

The Court: When you show him an object, do that, but don't cover Mr. Goldstein. I would rather you stood there (indicating).

Mr. Kirschstein: Thank you.

The Court: When you show an object to the witness [24] we allow counsel to stand next to the witness.

Q. (By Mr. Kirschstein): Would you explain to the court how the fire occurred with this?

A. Well, due to the rubbing of this rubber—the rubber was worn off and caused the bare wire, the bare wire was laying against the metal frame and caused the shortage, you know, from the battery, you know.

Q. Because metal conducts electricity?

A. Yes.

Mr. Kirschstein: Let the record show that the witness is referring to the cable and to the metal frame.

The Court: All right.

Q. (By Mr. Kirschstein): Have you brought any others with you?

(Testimony of Samuel Ert.)

A. Yes, I brought this one.

This shows what acid fumes will do to a metal frame. This is due to the fact that we have vent holes in a battery to let the acid fumes come out of the battery, and the acid fumes settled themselves on the frame here and cause this white corrosion or sulfation, as you call it.

The Clerk: This will be marked Plaintiff's Exhibit No. 56.

(The exhibit referred to was marked as Plaintiff's Exhibit No. 56 for identification.)

Mr. Halle: Your Honor, at this time I would be very [25] happy at this time to concede that a metal battery frame has certain disadvantages, such as corrosion and short-circuiting, in some instances.

The Court: That is all right.

The Clerk: There has been marked for identification Plaintiff's Exhibit No. 57.

(The exhibit referred to was marked as Plaintiff's Exhibit No. 57 for identification.)

The Court: You know, utility is one of the elements of invention, and I have no objection to counsel showing the utility and superiority of a claimed invention over what was known to the art before.

If they get too far, don't worry, I will stop them even if you don't object.

The Witness: Here is one more in which the acid has eaten into the metal. You see how that

(Testimony of Samuel Ert.)

acid has eaten into the metal. That is caused from the acid getting in touch with the metal.

The Court: And the acid comes from the battery?

The Witness: Yes. And sometimes the metal is eaten away.

The Clerk: That is marked for identification as Plaintiff's Exhibit No. 58.

(The exhibit referred to was marked as Plaintiff's Exhibit No. 58 for identification.)

The Court: Where does that come from?

The Witness: That comes, also, from the battery, on account of it being metal——

The Court: Out of what particular car did you get it?

The Witness: This is out of a Chevrolet, sir.

The Court: These are all cars——

The Witness: This is out of a Ford '56 (indicating).

Mr. Kirschstein: Exhibit 54 is out of a Ford?

The Witness: Yes.

The Court: And those were automobiles you were asked to service?

The Witness: Yes, sir.

The Court: By replacing the battery and the holder, is that it?

The Witness: Yes. We do replacing all the time.

Q. (By Mr. Kirschstein): Mr. Ert, are these frames that you have brought typical examples of what occurred with the metal frames?

A. Yes, sir.

(Testimony of Samuel Ert.)

Q. Is this problem of short-circuiting and corrosion a serious one?

A. Yes; it has been for quite a few years. We had cases of fire due through metal and rubbing through the cable, [27] and we had one just the other day. The party that owns this had quite a considerable fire, and the insurance company had to make good on it.

Q. Does this defect affect the battery itself at all?

A. Yes. Sometimes it burns up a battery. In this case it burned up a battery complete. The rubber case, which is hard rubber, it caused to melt, and the terminal melted on top of the battery.

Mr. Kirschstein: Your Honor, I offer these exhibits in evidence.

The Clerk: 54 to 58 inclusive, your Honor.

The Court: They may be received.

The Clerk: Exhibits 54 through 58 inclusive, Plaintiff's Exhibits, admitted in evidence.

(The exhibits referred to were received in evidence and marked Plaintiff's Exhibits 54, 55, 56, 57, and 58.)

Q. (By Mr. Kirschstein): Mr. Ert, has the problem you have been speaking of been solved?

A. Yes.

Mr. Proujansky: I object to that, if your Honor please.

Mr. Kirschstein: Was the objection sustained, your Honor? [28]

The Court: No. I will overrule it. I think in a

(Testimony of Samuel Ert.)

matter of this character where a person states certain things he may be asked whether in his opinion it was solved. That in itself wouldn't rise above the facts that he gives in support of his theory.

The only way of showing that invention has novelty is to show that the problem existed.

In the most recent case, the Ford Alexander case, there was testimony from people in the field as to the problem of stuck pipe. They testified as to what the problem was, and then they were asked when it was solved, and they referred to certain matters.

The objection is overruled. Go ahead.

The Witness: Yes, the problem was and has been, since this new invention came out.

Q. (By Mr. Kirschstein): What are you referring to by "this new invention"?

A. I beg your pardon?

Q. What are you referring to?

A. I mean Kant-Ker-Rode.

The Court: You had better spell it for him, because these are coined trade names, gentlemen.

Mr. Kirschstein: K-a-n-t-K-e-r-R-o-d-e.

Q. I show you Plaintiff's Exhibit 48 for identification and ask you if this is what you have been referring to. [29]

A. Yes, sir, that is exactly what I have been referring to.

Q. Who makes this Kant-Ker-Rode?

A. The only one I know of is Van Brode, and the only one that ever approached me was Van Brode Milling Company in 1956, I think.

(Testimony of Samuel Ert.)

Q. Van Brode is plaintiff's assignor?

Mr. Kirschstein: Van Brode is the plaintiff herein, your Honor, the assignee of the patent.

The Court: Yes.

Mr. Kirschstein: I should have noted that previously, your Honor.

The Court: That is right. I had it turned around. The owner is Coleman, and the assignor is Van Brode Milling Company.

Mr. Kirschstein: Yes. I should have noted on the record that the plaintiff's ownership of the patent is admitted, as well as the allegations of party.

The Court: Yes.

Q. (By Mr. Kirschstein): How does this Van Brode frame, this type of frame, compare with the metal frame?

A. This is without question the answer to our problems, and has been the answer to our problems of the last 40 years, you might say.

Q. Why is that? [30]

A. Because this is absolutely non-corrosive, it can't corrode, as you claim in your name, and it protects the battery. And it is the same shape as a metal frame, and it can't cause any fire, short, or destruction of the battery.

Q. This frame solved the problem, did it?

A. It solved the problem, and has solved it to my satisfaction very much; and I think my dealers the same way.

Q. Do you sell metal frames?



(Testimony of Samuel Ert.)

A. I do.

Q. Do you sell them now?           A. No.

Q. Why is that?

A. Because we have replaced them with——

Mr. Halle: Your Honor, I make objection to that question. He is asking this witness for an opinion as to why he doesn't sell metal frames. I don't think we should be bound by this witness' choice of sale of what he wants to do.

The Court: As this witness is speaking about the replacement of the patented device over other matters in use, I think this merely complements the testimony that he has already given. That is all right.

Mr. Kirschstein: Do you want the question read back?

The Witness: If you please, sir.

(The question referred to was read by the reporter, [31] as follows: "Q. Why is that?")

The Witness: Because, as I have told you, the no-corrode, as we call them, no-corrode, protects the battery from acid fumes, corrosion that comes out on the cable from the battery, from the post, generally, and does not cause a short. That is the main part we are interested in, that it does not cause a short on top of the battery.

May I explain a little further, your Honor.

At the battery, if there is leakage, it is spilled, it will spill right on the automobile, and this frame will not discharge, it will not make a contact with the car direct.

(Testimony of Samuel Ert.)

Q. (By Mr. Kirschstein): In other words, has the market for the metal frames as a replacement decreased?

Mr. Halle: Here, again, I object——

The Court: That is a little too broad. I want to limit him to his own experience.

Q. (By Mr. Kirschstein): In your experience, Mr. Ert, has the field in metal frames been decreased substantially by the advent of the plastic frames?

Mr. Proujansky: I object to that, too, your Honor. There is no foundation. He says he doesn't sell metal frames any more. How would he know whether it has decreased? [32]

The Court: I think he has given us the reason why he has.

We don't want to go into the other man's business.

The question of practical success depends not upon what the other man does, but what you do. It is a positive. If there is invention—what is that expression we all use? It is merely a dead weight if there is no invention. But he is not in a position to talk about the entire market, unless you qualify him.

We had in the Ford Alexander case one man representing the Hancock Oil Company that testified to a saving of nearly a million dollars a year from using a tool, but he testified from the experience of his own company.

So this man having testified that he has aban-

(Testimony of Samuel Ert.)

doned the sale, that is as far as he can go. He can't testify as to the condition of the market.

If you think it is material, you had better prove it with somebody who goes around and sells these frames to various dealers.

He is only one dealer.

Q. (By Mr. Kirschstein): Mr. Ert, do you sell these frames to dealers? A. Yes, sir.

Q. And do you go around in the trade?

A. The same as I sell storage batteries, sir, I sell [33] also Kant-Ker-Rode to gas stations and dealers, sir.

The Court: All right.

The Witness: Some of the dealers of General Motors Company I sell the Kant-Ker-Rodes to.

Q. (By Mr. Kirschstein): Based on your experience going around selling these things, has the market in the metal frames decreased?

A. I can't tell you——

Mr. Proujansky: I object——

The Court: He is going to answer no. Wait a minute.

The Witness: I can't answer that question because I do not know what the manufacturers of equipment are doing.

The Court: But you are doing a better business with this new frame, is that it?

The Witness: That is exactly right.

The Court: All right.

Q. (By Mr. Kirschstein): What color are the metal frames?

(Testimony of Samuel Ert.)

A. Well, they are painted black.

Q. Have they always been that color?

A. Yes, outside of somebody goes in the paint shop and has it repainted.

Q. But ordinarily they are black, is that correct?

A. They are black.

Q. When you see a red hold-down frame, what does that [34] mean to you?

Mr. Halle: I am going to object to that. This goes into the question of unfair competition, and he is asking this witness, When you see a red frame, what does that mean to you?

A red frame is obvious; it is a red frame.

Mr. Kirschstein: I think the witness can give the answer as to what it means to him. I have a right to prove what it means to someone in the trade.

Mr. Halle: This witness has already——

The Court: I think the way the question is framed it is too broad. In view of the fact that you put him on more or less as an expert, and he testified as to what color the metal frames are, he may testify in what color this comes, and whether you see it in any other product, and the rest would be a matter of inference.

Q. (By Mr. Kirschstein): Mr. Ert, what color have you seen these plastic frames in?

A. Well, I seen them in red.

Q. Just in red? A. Just in red.

The Court: Red alone, or red in combination with others?

(Testimony of Samuel Ert.)

The Witness: Just in red, your Honor. [35]

Q. (By Mr. Kirschstein): Is that for the whole time that you have had any acquaintance with these plastic frames, they have always been red?

A. Yes. The only thing I know of, that I seen them and sold them, and any one on a car has always been red.

Q. (By Mr. Kirschstein): In your visits to customers and to the trade, in trying to sell these frames have you had occasion to see them displayed anywhere?

A. Do you mean—I didn't get that question.

Q. Have you seen these plastic frames displayed anywhere?

A. Yes. In every gas station, pretty near.

Q. How were they displayed?

Mr. Halle: Your Honor, before the witness answers, I don't think it is a part of the case against the Cox Air Gauge, the defendant here, to show how anybody other than Cox displays its frames.

Mr. Kirschstein: Your Honor, I have a right to show secondary meaning here.

The Court: The object of this testimony is to show that this color has been associated with it. I will say now that they will have to show something more, because you can almost take judicial notice around the industrial world that I have never seen a farm tool that wasn't painted red, or farm [36] machinery. In fact, notoriously they adopt that.

I will say right now that you will have to show more, as I said in the Chun King case, than the



(Testimony of Samuel Ert.)

mere choosing of red. It may well be that this combination can't turn other than red. A man can't appropriate the color red.

Mr. Kirschstein: Your Honor, I think I can say without contradiction that it will be established that these frames can be made in any color, practically.

The Court: That is all right.

Mr. Kirschstein: My point in this testimony is to establish the very facts on which I hope the conclusion of secondary meaning can be drawn, namely, that they are displayed. And that is what I am trying to establish.

The Court: You will have to show under the California cases more than red. You will have to show imitation of symbols; show if a man looked at it he would mistake it for the other man's. Just as in Chun King Sales, they had the same color scheme, just as in the tuna fish case they had the same pale blue. The court said they had to have imitation of symbols that would be deceptive to the person.

I am merely saying you shouldn't emphasize too much on the red.

Of course, I will allow you to prove the various steps that constitute it.

You will notice the Court of Appeals while reversing [37] me on the patent case said I took into consideration all the elements, not only color, imitation of symbols, and likelihood of confusion and the like, which are elements which go to constitute unfair competition, and which dovetail in with some



(Testimony of Samuel Ert.)

of the other cases which have been decided in this Circuit.

All right. Go ahead.

I think he had answered the question, didn't he?

(The last question was read by the reporter, as follows: "Q. How were they displayed?")

The Court: Just describe what you saw.

The Witness: Hanging on the wall.

Q. (By Mr. Kirschstein): Out of their cartons?

Q. In a carton, and sometimes loose, without the cartons.

The Court: How are these things packed?

The Witness: They come in—we get them in 12 in a case, but they are all packed in single cartons with the name Kant-Ker-Rode on them.

The Court: And then the man in the station would take one and hang it up just as he would a can of polish?

The Witness: Yes. Like a hose, you know, hang them on a rack, or pile them on a rack, or like a can of oil on the shelf. [38]

The Court: Or some of the other accessories that he carries?

The Witness: Yes.

The Court: All right.

Q. (By Mr. Kirschstein): Would you explain to the court what these parts of the frame do, what they touch?

A. They touch the top of the battery and press down on the battery straight down so that the battery does not shift this way or that way.

(Testimony of Samuel Ert.)

The Court: What holds the battery in place?

The Witness: This holds it in place, but two bolts go through here, and this Kant-Ker-Rode holds it exactly in the correct position.

The Court: What is the bolt attached to?

The Witness: The bolt is attached to the frame of the automobile.

The Court: Which has a place for the battery?

The Witness: Yes. Where the original metal frame used to be, we put the same kind of a frame with the same bolt, only we use what we call a no-corrode.

Q. (By Mr. Kirschstein): This section here bears against the top?

A. The top of the battery.

Q. And this section against the side? [39]

A. Yes, sir, the sides of the battery.

Mr. Kirschstein: Let the record show that I was referring to the undersurface of the top of the frame of Exhibit 48 for identification, and to the inner surface of the sides and ends of the frame when the witness was testifying regarding bearing against the top and sides of the battery.

The Court: I didn't hear the witness state or anyone state, or a stipulation, that that is an exemplar of the patented device.

Mr. Kirschstein: There isn't any question about that, is there?

The Court: The record doesn't contain it.

Mr. Kirschstein: Do you wish to raise a question about it?

(Testimony of Samuel Ert.)

Mr. Halle: This is a frame manufactured by the plaintiff in this case, your Honor. It is marked with U. S. Patent No. 2,710,660. But it is our contention that it is not manufactured under the patent by reason of its composition.

It is also our contention that it is not manufactured under the patent by reason of some structural features of it.

The Court: I have been at this for 23 years. I know what your next step is going to be. I haven't reached that step yet. All I wanted to know is if the record shows what we are talking about.

Mr. Halle: That is of plaintiff's manufacture.  
[40] They make two types of frame.

The Court: Regardless of any claim?

Mr. Halle: Yes.

The Court: In the Ford Alexander case the contention was that the commercial product wasn't constructed according to the patent, so I am used to these contentions.

All I want to know is that you are dealing with something that the plaintiffs claim is an exemplar constructed according to the teaching of the patent.

Mr. Kirschstein: I offer this in evidence as Plaintiff's Exhibit 48.

The Court: It may be received.

The Clerk: Plaintiff's Exhibit 48 in evidence.

(The exhibit referred to was received in evidence and marked as Plaintiff's Exhibit No. 48.)

Mr. Kirschstein: No further questions.

(Testimony of Samuel Ert.)

The Court: Cross examine.

Mr. Halle: May I have this marked?

The Clerk: Defendant's Exhibit B marked for identification.

(The exhibit referred to was marked Defendant's Exhibit B for identification.) [41]

### Cross Examination

Q. (By Mr. Halle): I show you Plaintiff's Exhibit 55 in evidence, which you described as a cable from the battery switch to the battery?

A. Yes, sir.

Q. Now, I show you Defendant's B for identification and ask you if that is the same kind of cable.

A. No, sir. That is a rubber cable (indicating), and this seems to be plastic.

Q. But does it serve the same function?

A. The same function, yes, sir.

Q. And the cable that you have in your hand?

A. Is a much better cable than that one.

Q. In other words, the one I just showed you, Defendant's Exhibit B for identification is a better one?

A. Yes.

Q. Would you tell me what color it is?

A. It is red.

The Court: All except the metal?

Q. (By Mr. Halle): The metal has a metallic finish?

A. Yes.

Q. Have you seen many red battery cables in your business?

(Testimony of Samuel Ert.)

A. Yes, sir, hundreds of them. I have about 500 [42] in stock, to be honest with you, sir.

Mr. Halle: Your Honor, I would like to offer Exhibit B in evidence.

The Clerk: May it be admitted?

The Court: Do you think it has been sufficiently identified as to the function it serves?

Mr. Halle: I am not offering it as to function; just as to color, that it is an item widely used in this gentleman's business and it is red in color.

The Court: All right.

The Clerk: Defendant's B in evidence.

\* \* \* \* \*

Q. (By Mr. Halle): Now, Mr. Ert, I believe you testified that the plastic frame which was shown to you is an example of frame that solved the short circuits, corrosion, and so forth? A. Yes.

Q. Do you know of any other frame that may have been made before that frame that solved that problem? [43]

A. No, I haven't, sir, to be honest with you. This frame when it first came out we were quite impressed with it a few years ago, and we have never had any plastic or anything like that before.

Q. Are you familiar with a frame made by the Acitex Company?

A. Never heard of the company, sir.

Q. I am going to show you Defendant's Exhibit C for identification and ask you to look at the frame described on that exhibit.

A. Well, sir, it might have been sold on the

(Testimony of Samuel Ert.)

East Coast, and I sold on the East Coast, but I never heard of it. I worked in Philadelphia, had a shop up there, and to be honest with you I never seen a rubberized cover. This is the first time I seen it. It might be darn good.

Q. You say you have never seen a rubber-like cover. I am not limiting the question to that particular frame as exhibited there. Have you seen any frame made by anybody with either a rubber or plastic cover on it?

A. Now, yes; lately I have.

The Court: No. Before now.

The Witness: Before I had Kant-Ker-Rode, I had never seen or sold any rubberized or any plastic cover.

Q. (By Mr. Halle): You had never seen one nor sold one? [44]

A. Never seen one nor sold one, and I spent 35 years in this business.

Q. I show you Defendant's Exhibit D for identification and ask you whether you have ever seen this frame.

A. I sell them. Willard. Willard sells them to me. But that came out after——

Q. I didn't ask you that. I just asked you whether you ever saw it.

A. Yes, I saw it.

That is made out of steel and covered with plastic, and sold through the Willard Company.

Mr. Halle: I offer this in evidence, your Honor.

The Court: It may be received.

Mr. Caughey: For what purpose?



(Testimony of Samuel Ert.)

I object to it unless the purpose is stated. There must be some reason to offer evidence. For the color, or what?

Mr. Halle: I put it in both on the question of color and as a development in the art.

Mr. Kirschstein: When?

Mr. Caughey: Is it a kind of a metal frame?

Mr. Halle: We have some testimony by one of your witnesses about a metal frame covered with plastic that he knew about some years ago.

The Court: He said it came in afterwards. [45]

Mr. Halle: But I would show from some other testimony that this type of frame——

The Court: No. C you haven't offered because he has not identified it?

Mr. Caughey: He has identified that as one he is familiar with, but my question is as to how it is material except on the question of color.

The Court: As a matter of fact, his answer helped you, by saying that this appeared after your device appeared on the market.

Mr. Caughey: That is correct. As exemplifying the testimony of the witness, in that connection I have no objection.

The Court: You know me, I am not bound by purpose. If it is material and bears on any of the issues, and as we are dealing with the art and development, I think that a frame which is part metal and part plastic material may be interesting as showing the process of development. Also dealing

(Testimony of Samuel Ert.)

with the color red, and he shows you something else that is red.

The Clerk: May D be admitted in evidence?

The Court: Yes. The objection is overruled.

The Clerk: D in evidence.

(The exhibit referred to was received in evidence and marked as Defendant's Exhibit D.)

Q. (By Mr. Halle): In your experience, are many frames such as Defendant's D sold today?

A. Yes, sir.

Q. Of the same color red? A. Yes.

Q. Mr. Ert, are you familiar with the prices of the plastic frames that you sell? A. Yes, sir.

Q. Are you also familiar with the prices of steel frames? A. Yes, sir.

Q. Which cost more?

A. The plastic frames.

Q. What is the average price of a steel frame?

A. We sell them for a dollar and a half.

Q. What is the average price for a plastic frame?

A. Some of them a dollar and a half and some of them two dollars and three dollars; it depends on the size. You see, six volts is a dollar and a half, and some 12 volts are two dollars, and some 12 volts are three dollars.

Q. But the steel frames are all a dollar and a half?

A. Not all. Some of them are two and a half.

I am just trying to think what Willard told us to sell them for, rather, the price list on them. [47]

(Testimony of Samuel Ert.)

I have given them up.

I think it is between one and a half and two and a half. I can't exactly tell you the figures.

Q. But the plastic costs more?

A. The plastic costs more in the 12 volt.

Q. How about you, when frames are sold to you, are you familiar with the prices of steel and the plastic frames? A. Yes.

Q. What would be the average price of a steel frame if you would buy one for your business to sell for resale?

A. About 50 per cent, sir.

Q. 50 per cent of the sale price? A. Yes.

Q. Would the same be true for plastic?

A. Close to it, sir. Not quite. I think it is 40 or 33 $\frac{1}{3}$ . Well, let's figure it out. I can tell you pretty near the figures.

The Court: These would be included in what we call among the oil companies T.B.A., tires, batteries, and accessories, these would be accessories?

The Witness: Yes.

The Court: That the average station would carry?

The Witness: Yes.

The Court: And the mark-down on those is very, very——

The Witness: Very small, the mark-down on them. [48]

The Court: Is it 50 per cent?

The Witness: That is the distributor's price. And then we sell them back to the T.B.A. dealers, and they sell them to the gas stations. The gas sta-

(Testimony of Samuel Ert.)

tion is the one that actually gets the biggest profit on it.

Q. (By Mr. Halle): It is a fact, is it not, that you make a bigger profit when you sell a plastic frame?

A. I wouldn't say that, sir, no. I don't think—the way people are buying, T.B.A. dealers, you make a very small margin of profit. Like, for instance—I might give you an illustration if I am allowed to, your Honor.

The Court: Yes. You are doing very well.

The Witness: I sell to the wagon peddlers, the Kant-Ker-Rode hold-down costs me 60 cents, I am selling it to him for 70, so you see the mark-up, the profit on that is only if he buys in dozen lots, two or three dozen at a time. But if he bought individually I wouldn't sell them. I would rather not sell anything if I have to lose money on it.

Q. (By Mr. Halle): I misunderstood you. I thought you sold at retail to the purchaser.

A. I sell at retail, too, sir. Then I get \$3.00.

Q. You make a higher profit at retail on plastic than steel? A. Oh, yes, sir.

Q. That is what I wanted to know. [49]

A. I am sorry. I misunderstood you, sir.

Q. Are you familiar with the equipment as it is sold by this General Motors dealer that you spoke about? You say you sell some plastic frames to a General Motors dealer? A. Yes.

Q. Do you know how his cars come through from Detroit? A. Metal frames.

(Testimony of Samuel Ert.)

Q. They have steel frames?

A. Just metal like we showed you.

Q. Would that include the Cadillac?

A. Cadillac, Buick, Olds, Pontiac, Chrysler products, any of them.

Q. Isn't that true of all cars manufactured in Detroit, they come through with steel frames?

A. With steel frames, yes.

Q. Even today?           A. Even today.

The Court: You ought to tell Ed Sullivan about it.

Mr. Halle: May I have this marked, please.

The Court: I didn't want to break the continuity of the cross examination, but if it is going to be extensive, we have already run over 10 minutes, and this is just the first day of the case and I have other things to do. According to my custom, I like to complete an examination, but if it is going to be extensive I will have him come back at 2:00. [50]

Mr. Halle: I don't believe so. I don't believe it will take another five or ten minutes.

The Court: All right.

The Clerk: Defendant's Exhibit E marked for identification.

(The exhibit referred to was marked Defendant's Exhibit E for identification.)

Q. (By Mr. Halle): I give you Exhibit E, which is a little plastic bag containing some articles in it. Are you familiar with those articles?

A. No, sir. To tell you the truth, I don't know what they are.

(Testimony of Samuel Ert.)

Q. I believe you say you are an expert in replacing batteries in cars?      A. That's right.

Q. Do you know anything about spark plug cables?

A. I do, but I am not working on that. I am an exclusive battery man.

Q. Did you ever see a spark plug on a motor?

A. Yes.

Q. Did you ever see a cover on a spark plug?

A. Certainly.

Q. A rubber cover?      A. Yes, sir. [51]

Q. A plastic cover?

A. Yes, I think I did.

Q. Now, I ask you to look at that little bag that I gave you, transparent bag, and see if you can find a spark plug cover in it?

A. I am quite sure this should be the one right here, I think (indicating).

Mr. Halle: The witness indicates an L-shaped object.

Q. Now I am picking on an object about two inches long here and pretty nearly a half inch wide, and it has got several ridges running around it; do you know what that is?

A. It might go into the distributor, sir.

Q. But you don't know?

A. I am not in the motor tune-up division or anything like that, sir. I gave myself the name Sam the Battery Man, specializing on batteries, and I won't even start on generators. I send them back to the dealers.



(Testimony of Samuel Ert.)

Q. The L-shaped object that you identify as a spark plug cover, have you seen many of those in your business?

A. To be honest with you, no.

Mr. Halle: I have no further questions, your Honor.

The Court: All right. Any redirect?

Mr. Kirschstein: Just a few short questions, your Honor.

The Court: All right. [52]

Mr. Halle: Your Honor, I just have one exhibit I wanted to show him.

The Court: All right. Go ahead.

Q. (By Mr. Halle): This has been identified as Plaintiff's Exhibit 29 for identification. I hand you the mentioned exhibit and ask you if you have ever seen a frame like that before.

A. Yes. That is Kant-Ker-Rode.

Q. And does that have the name Van Brode on it?      A. Yes.

Q. And that is another type of frame in addition to the one that you identified before as a Kant-Ker-Rode frame, is it not?

A. It don't look any different.

Q. I ask you to look at the top corners.

A. It has the reinforced corners. But otherwise it is practically—I wouldn't say I am a judge of that, I don't pay that much attention. Kant-Ker-Rode and Dont-Ker-Rode, and that is the way we sell them.

Q. You have handled these frames and you can't

(Testimony of Samuel Ert.)

tell how many you have handled with corners and without corners?

A. No, because my boys sell them. I have them in stock. I do the buying; they do the selling.

Mr. Halle: No further questions. [53]

### Redirect Examination

Q. (By Mr. Kirschstein): This Defendant's Exhibit D is a covered frame, is it not; it is a steel frame covered with something?

A. Steel frame covered with some kind of material. I think it is plastic.

Q. You think it is plastic it is covered with?

A. Yes.

Q. And I believe you said this came out after the plaintiff's frame?

A. That's right. Willard Storage Battery brought it out after you folks came out with yours.

Mr. Kirschstein: Can I take this out of its cover?

Mr. Halle: I would like to keep it intact as an exhibit.

Q. (By Mr. Kirschstein): Can this frame be made in the various necessary sizes for different batteries?

A. Yes.

Q. It can? A. Yes, sir.

Q. Can you tell the difference by looking between this frame and this frame (indicating)?

The Court: What is this and this? You are not identifying it for the record. The record doesn't know any "this" or "that" unless you identify it.

Mr. Kirschstein: Yes. [54]

(Testimony of Samuel Ert.)

Q. I have in my left hand Plaintiff's Exhibit 48, and in my right hand Defendant's Exhibit D; can you tell the difference by looking at them?

A. Certainly.

Q. I have in my left hand the same thing, Plaintiff's Exhibit 48, and in my right hand Plaintiff's Exhibit 42, for identification; can you tell the difference between them by looking at them?

Mr. Halle: Your Honor, I object to this on the ground that whether he can tell the difference by looking at those frames from a distance of 10 feet has no bearing on this case.

The Court: Even if he is nearsighted he can see that far away.

The Witness: They are both Kant-Ker-Rode.

Mr. Proujansky: The exhibits speak for themselves.

Mr. Kirschstein: They are both Kant-Ker-Rode, is that your answer?

The Court: What is that?

The Witness: They are Kant-Ker-Rode.

They both look alike, they are both Kant-Ker-Rode.

Mr. Halle: I move that the reference to Kant-Ker-Rode be stricken from the record.

Mr. Kirschstein: I would like to explain something here. [55]

As your Honor said, your Honor indicated there should be something more than color on this unfair competition count. I am demonstrating graphically

(Testimony of Samuel Ert.)

that that is true, because Exhibit 42 for identification is one of the defendant's frames.

Mr. Halle: Your Honor, I could hold up a steel frame painted red and hold it 10 feet from the witness and say they look alike to me.

Mr. Kirschstein: But this is not a steel frame; this is a plastic one.

Mr. Caughey: Just a second.

This isn't arguing the case; this is evidence, so I suggest that Mr. Halle, if he wants to prove something, that he prove it in the proper way.

The Court: Just a minute.

Mr. Halle: Your Honor, I made this objection—I said that any reference that the witness made to any frame being Kant-Ker-Rode, held up like that, be stricken.

The Court: I will strike it out.

You can say what they look like to you.

The Witness: They look alike.

Mr. Halle: All right. There is no question about that.

The Court: All right, gentlemen.

Mr. Kirschstein: I will offer in evidence [56] Plaintiff's Exhibit 42 for identification.

The Court: All right, it may be received.

The Clerk: Plaintiff's Exhibit 42 in evidence.

(The exhibit referred to was received in evidence and marked as Plaintiff's Exhibit No. 42.)

The Court: 48 is what, the accused device?

The Clerk: That is in evidence already.

(Testimony of Samuel Ert.)

Mr. Kirschstein: 42 is the accused device, and 48 is the plaintiff's device.

The Court: Is the patented device?

Mr. Kirschstein: Yes.

The Court: All right.

I got it turned around.

Mr. Kirschstein: It is not difficult to turn them around.

Mr. Halle: There is no contest about that.

The Court: No comments. We argue the cases in my court when we get through. We don't argue *chemin faisant*. Patent lawyers notoriously like to argue their cases *chemin faisant*, and New Yorkers have to learn that.

Have you finished with this witness?

Mr. Kirschstein: Yes.

Mr. Halle: I want to ask him about these frames that he testified to as being similar. [57]

#### Recross Examination

Q. (By Mr. Halle): Exhibit 48 and Exhibit 42. First let me give you Exhibit 48 and ask you whether there is any part in the construction of that frame which is not necessary for its use as a battery hold-down frame?

A. You have got me there, because I couldn't answer that question. That is something more than I can explain. I only know—I am not an expert on that.

Mr. Halle: Your Honor, they qualified him as an expert to show the parts that bear down and do this and do that.

(Testimony of Samuel Ert.)

The Court: But you are asking for particularization.

He testified that they look alike.

Mr. Halle: He testified he has been experienced with installing battery frames since 1914.

The Witness: 1911.

The Court: If he can answer the question, all right. I know he won't.

The Witness: You want to know what the difference is between—what was your question? Pardon me.

The Court: Go back to the question. Listen to the question and then we will all go to lunch if you answer quickly.

Q. (By Mr. Halle): The frame which you have in your hand here, which is Exhibit 48, when you use that frame to install a battery and hold a battery down in a car, are there any [58] extraneous parts within that frame which are not needed? I am talking about the physical appearance of the frame. A. No.

Q. Of course not.

There are two holes for the bolts?

A. That's right.

Q. And there are parts that bear down on the battery to hold it in place? A. That's right.

Q. Nothing extra? A. No.

Q. Now, I ask you the same question, and would your answer be the same insofar as Exhibit 42 is concerned?



(Testimony of Samuel Ert.)

A. I would give you the same answer. The only thing is you have a little more reinforcing.

Q. The same answer except one has more reinforcement on the hole? A. Yes.

Q. But that is still needed there to put the frame down?

A. Yes. I am sorry I couldn't answer the first question.

Mr. Halle: That is all.

Mr. Kirschstein: Just one question, your Honor.

The Court: All right. [59]

#### Redirect Examination

Q. (By Mr. Kirschstein): Does this frame, Defendant's Exhibit D, have everything you need to hold a battery in place?

A. Yes; but we quit it because it cuts into the battery on the edges.

Mr. Kirschstein: That is all I have, your Honor.

Mr. Halle: That is all, your Honor.

The Court: All right. You may be excused, sir.

The Witness: Thank you, sir, your Honor.

The Court: 2:00 o'clock, gentlemen.

(Thereupon, at 12:20 o'clock p.m., a recess was taken to 2:00 o'clock p.m.) [60]

Tuesday, March 25, 1958, 2:00 P.M.

The Clerk: Case 1045-57, Van Brode Milling Company vs. Cox Air Gauge System, for further trial. All parties present, your Honor.

The Court: Call your next witness, Mr. Kirschstein.

Mr. Kirschstein: Your Honor, I have several depositions I would like to read into evidence.

Mr. Caughey: Your Honor, you may recall I called you about the question of depositions, and you indicated if we had time that that could be done.

As a matter of fact, we only have, I believe, one additional witness, other than the witness who was on the stand. Most of this case is by deposition.

The Clerk: Mr. Caughey, we will mark the deposition as your exhibit before you read it.

The Court: We like to give it a number, and as long as we have time, rather than give them to me to read, I would just as soon hear them read. One of you take the place of the witness and the other the interrogator.

Mr. Caughey: Of course we are not going to read all of the deposition, but we will indicate which pages will be read.

The Court: But we like to give them a number.

The Clerk: Deposition of Morton Bean has been [61] marked for identification as Plaintiff's Exhibit 59.

(The exhibit referred to was marked Plaintiff's Exhibit No. 59 for identification.)

Mr. Kirschstein: Shall I read from the original, your Honor?

The Court: Yes.

Just state for the record the witness, and then ask the questions and let him answer until an objection is made.

Mr. Kirschstein: The witness' name is Morton

Bean. The deposition was taken February 27, 1958.

The Court: Where is he from?

Mr. Kirschstein: It is covered by the questions, your Honor.

The Court: All right.

(Whereupon counsel read the deposition of Morton Bean, as follows:)

#### DEPOSITION OF MORTON BEAN

“Q. Would you state your name and address and age, please?

A. Morton A. Bean, 26 Bonnie Meadow Road, Scarsdale, New York. I am thirty-six.

Q. Would you state what your occupation is, please?

A. I am an executive in the firm of Quality Electric Products and I also act as salesman for one of the territories, that territory being Westchester up into southern Connecticut. [62]

Q. What is the business of Quality Electric Products?

A. Quality Electric Products is an automotive warehouse servicing the jobbers exclusively.

Q. Could you name some of the types of products that you sell, just generally?

A. Yes. Some of the lines that we represent on the warehousing basis are the Tung-Sol Company——

Q. I meant the type of product that you sell, just generally.

A. Well, there are many different items that we warehouse. Some of them come under the category

(Deposition of Morton Bean.)

of electrical; some of them come under the category of chemicals.

Q. Are they all automotive? A. Yes.

Q. Are you familiar with the business of Quality Electric Products?

A. Yes, sir, very much so.

Q. And I take it you run that business?

A. To a great extent, yes.

Q. How long have you been in the automotive trade?

A. I entered the automotive trade approximately 1940. In 1941 I went into the Service. Somewhat late in 1943 I got out of the Service, at which time I went back into the automotive business. The business, of course, [63] remained during that time.

Q. What was the business you were with from the beginning, the name of it?

A. The name at that time was Quality Electric Products Corp.

Q. In other words, it is the same business that you are with now? A. Yes.

Q. Except that then it was a corporation?

A. Then it was a corporation and, frankly, at that time we were more or less in the electrical end more than we are now. We specialized in the automotive electrical specialties.

Q. In the course of your experience in the automotive trade, have you become familiar with an item known as a hold-down for a storage battery of a car?

A. Yes. As far back as 1940 when I was in the

(Deposition of Morton Bean.)

business, we at that time were handling a battery hold-down.

Q. What was that hold-down made of?

A. At that time it was metal, a metal hold-down.

Q. Are you familiar with the metal hold-downs, their quality?

A. Yes, I am.

Q. Do you know of any defects in them?

A. Well, there were quite a few defects as far as [64] a metal hold-down was concerned. No. 1, the metal, of course, is a direct conductor of electricity and consequently, when a metal hold-down is used there is very often an amperage drop, especially if the metal has become corroded.

In the second place, quite often when a metal hold-down is used and put on a battery improperly, it will break the battery case. It will break the top of the battery case if it is applied forcefully.

Q. You mentioned "corrosion"; was that a problem with metal frames?

A. Corrosion is a definite problem on a metal battery hold-down and that is why you are seeing plastic hold-downs on the market. To qualify this, many of the companies that have formerly made metal hold-downs have in some way attempted to cover them to eliminate the corrosion of the hold-down.

Q. What is that corrosion due to, if you know? In other words, is it the chemical of the battery that causes it or is it the air or what, or water or what—if you know?

A. Let's say this: I don't qualify as a battery

(Deposition of Morton Bean.)

expert, but the acid will corrode the metal. No. 2, just the fact that the steel itself or that the metal is exposed to the elements eventually you will get a corrosion of the hold-down. [65]

Eventually they do break. The corrosion causes the metal to eat away until such time as the battery hold-down breaks.

Q. Have you actually seen some of these defects on the metal hold-downs?

A. Oh, yes, many times, many times.

Q. You started to mention before some companies whose lines you sell and I interrupted you. You only named one of many, isn't that true?

A. That is right.

Q. Are you familiar with the plastic battery hold-down frames made by the plaintiff in this case, who is Van Brode Milling Company, Inc., of Clinton, Massachusetts?

A. Yes, I am, sir.

Q. When did you become familiar with them?

A. Why, we became familiar with them early in the year of 1955, at which time we contacted the company with the idea of representing them on a warehousing basis.

Q. You mean, to sell those frames?

A. That's right.

Q. Did you commence to sell those frames?

A. Late in 1955 we consummated our arrangements with them and from that time up until the present we are [66] warehousing their merchandise here.

Q. You are still selling them?

A. Yes, sir.



(Deposition of Morton Bean.)

Q. How did that product go over?

A. Why, we had immediate response to it. They had previously been selling them in the New York area and we picked up right there and have had a great deal of success with the line.

Q. What do you attribute that success to?

A. Well, I attribute the success to the fact that the plastic hold-down—and that was the first plastic hold-down on the market—was so much better than the metal.

Q. What do you mean by that?

A. In other words, the fact that the plastic hold-down eliminated the difficulties that you formerly got with the metal hold-down.

Q. How about the product itself? Is it a good quality product, in your opinion?

A. Yes, sir. The product is an excellent one. In regards to figures of the approximately—and this is rough—200,000 that we have sold.

Q. 200,000 frames?

A. 200,000 frames, units. We have had approximately 25 to 30 bad ones, at a maximum. When I say “bad,” they [67] broke due to improper installation.

Q. I show you Plaintiff’s Exhibit 33 for identification and ask you to examine it carefully.

(Handing exhibit to witness.)

And tell me if you can recognize it.

A. Yes, this is a Van Brode hold-down, No. CD-10.

(Deposition of Morton Bean.)

Q. I show you Plaintiff's Exhibit No. 32 for identification and ask you if you recognize that?

A. This is the box that the hold-down is shipped in.

Q. Do you know how these plastic frames of the plaintiff's are asked for in the automotive trade?"

Mr. Halle: Your Honor, I object to that question as to "do you know how these frames are asked for in the automotive trade?"

The frame and the box for the frame have just been provided, and it has got a name on it.

The Court: We cannot tell. It may have acquired another name. Many people in various industries apply words not exactly etymologically correct.

Overruled.

(Whereupon counsel resumed the reading of the deposition of Morton Bean, as follows:)

"A. Well, at the present time, of course, they [68] are primarily asked for as battery hold-downs. At one time, and very often at the present time, they are asked for as "red plastic battery hold-downs."

Q. What does that mean to you when someone asks for red plastic battery hold-downs?"

Mr. Halle: I object to that question, your Honor.

The Court: Overruled.

(Whereupon counsel resumed the reading of the deposition of Morton Bean, as follows:)

"The Witness: Well, it means to me that they want the Van Brode hold-down.

Q. Do they rely on getting that in purchasing?

(Deposition of Morton Bean.)

A. They do. Of course, if they call me, they know that that is the hold-down that I carry.

Q. Have you, during the time that you have been in the automotive business, continued — by “you,” I mean your company — continued to sell the metal hold-down frames?

A. No, sir, we did not. We found that just as soon as we took on the Van Brode hold-downs, that the demand for the other frame had completely dropped off to the point where it was nil. In fact, we had placed one order for one customer for a number of these metal hold-downs and found that the company had gone out of business—the company who made the metal hold-downs had gone out of business.” [69]

Mr. Halle: I move that answer be stricken, your Honor. It is not responsive to the question.

The Court: That is not a good objection if it is material. It is merely an explanation of the drop. The motion will be denied.

(Whereupon counsel resumed the reading of the deposition of Morton Bean as follows:)

“Q. What do you attribute that decline for demand for metal hold-down frames to?”

Mr. Halle: Again, I object.

The Court: What was that question?

Mr. Kirschstein: “What do you attribute that decline for demand for metal hold-down frames to?”

The Court: Overruled.

I presume it relates to the community and the place he is doing business.

(Deposition of Morton Bean.)

(Whereupon counsel resumed the reading of the deposition of Morton Bean as follows:)

“A. The demand is simply because the plastic hold-down is vastly superior to the metal ones, and if a man [70] can buy something that is better for the same or cheaper price, obviously he is going to do so.

Q. Do you know who created the market in the automotive field for plastic frames?”

Mr. Halle: I object to that, your Honor, too. It calls for an opinion of this witness.

The Court: Read the question.

Mr. Kirschstein: “Do you know who created the market in the automotive field for plastic frames?”

The Court: That is pretty broad. He is familiar only with the experience in a particular locality. I will sustain the objection.

(Whereupon counsel resumed the reading of the deposition of Morton Bean as follows:)

“Q. Your company, Quality Electric Products—is that a company?

A. At the present time it is a partnership.

Q. It is a partnership; are you one of the partners? A. Yes, I am, sir.”

Mr. Kirschstein: Next, your Honor, is cross examination.

The Court: Counsel for defendant may read that. [71]

Mr. Halle: Will you act as my witness, Mr. Caughey?

Mr. Caughey: I would be delighted.

(Deposition of Morton Bean.)

(Whereupon counsel resumed the reading of the deposition of Morton Bean as follows:)

“Q. Have you had any experience east of the Mississippi—pardon, west of the Mississippi River?

A. No, sir.

Q. Are you familiar with the type of hold-down that is placed on a car as original equipment as it leaves the manufacturers' factory?

A. No, I am not.

Q. Do you come in contact with automobile users in connection with your business?

A. No, I do not. In fact, that will explain why I'm not familiar with the hold-down that come on the car directly from the car manufacturer. I do not sell car dealers. I only sell the jobbers.

In other words, I do not see the cars when they come into the showrooms and go out of the showrooms.

Q. When you say jobbers, would you explain how your particular segment of the industry works?

I take it you get the battery hold-down frames directly from the manufacturer?

A. That is right. [72]

Q. And you warehouse it?

A. That is right.

Q. Then you sell to jobbers?

A. That is right.

Q. Who in turn do the jobbers sell to?

A. They in turn sell either over the counter or they sell to car dealers; they sell to mechanics, gas stations, garages, fleet accounts.

(Deposition of Morton Bean.)

Q. Do you recall the companies that supplied you with metal hold-down frames?

A. Yes, there is one company that I had in mind called the Callahan Company, and I believe that was spelled C-a-l-l-a-h-a-n. They are in—or they were in Massachusetts.

Q. When was the last time your company purchased the metal hold-down frames?

A. I would say somewhere around 1948 or 1949. I naturally could look those records up, if you require me to do so.

Q. I believe you stated that you first started purchasing the plaintiff's hold-down frames sometime in 1955?

A. That is right.

Q. What product did you use in that interim period?

A. We had no hold-down during that time at all.

Q. You didn't sell a hold-down?

A. No. [73]

Wait a minute; I beg your pardon. I'm sorry. I'm wrong about that. During that period of time we were handling a hold-down made by the Rubco Company, out of Brooklyn, New York. This was a metal hold-down with a rubberized covering. We handled that hold-down up until the period of time when we took on Van Brode.

Q. Could that Rubco hold-down have had a plastic covering on it?

A. No.

Q. You are sure it was rubber?



(Deposition of Morton Bean.)

A. Yes, sir. It was a rubberized impregnation that was actually baked on.

Q. I believe you stated that in installing a metal hold-down frame, if it was improperly installed it would break the battery case; is that correct?

A. Yes.

Q. What experience have you had in installing metal hold-down frames?

A. I have had none. I stated before that I was not a qualified mechanic or——

Q. You also stated that as far as plastic hold-down frames are concerned, they broke when they were improperly installed; is that correct?

A. Yes, I stated that out of approximately 200,000 that I had seen, about 30 of them had been broken. This is [74] due to a hold-down that is put on a battery where the hold-down is longer than the battery case, and in applying pressure you get a tremendous amount of leverage and a clumsy man could break a hold-down.

Q. Could a clumsy man also break a battery case when installing a plastic hold-down?

A. No, I don't believe so, because the plastic hold-down is going to give a great deal more than the metal one will.

Q. Do you know what the battery cases are made out of?

A. The top of the battery case is made out of a—it's a rubberized bakelite.

Q. Do you know which is stronger, the rubber-

(Deposition of Morton Bean.)

ized bakelite of the battery case or the plastic in the hold-down frame?

Mr. Kirschstein: You mean as against each other?

Q. As against each other.

A. Would you rephrase—

Q. I will reframe the question.

Do you know whether the bakelite of the battery case that you spoke about, whether that is stronger or weaker than the plastic in the plaintiff's battery frame?

A. Well, let me say this, Mr. Halle: As I stated before, I'm not a qualified battery man, nor was I brought here to testify as such. I've primarily sold the units and [75] act as a sales organization, not as an installation man.

Q. I take it you don't know the answer to that question?

A. Not quite; that is right.

Q. Out of approximately 200,000 metal frames

— A. Not metal frames.

Q. Let me finish the question.

A. I'm sorry; yes, sir.

Q. You have stated that out of 200,000 plastic frames that were installed through your organization, or that your organization sold, approximately 25 or 30 were installed in a manner in which the frames were broken? A. Yes.

Q. You have also had experience in selling metal frames? A. Yes, sir.

Q. What would you say the percentage of dam-

(Deposition of Morton Bean.)

age to battery cases would be in installing metal frames?

A. The amount of metal frames that we had sold was negligible, compared to the amount of plastic that we had sold.

Q. About how many metal frames has your company sold?

A. I would say that during a period of time that we had perhaps a thousand.

Q. And out of those thousand metal frames—and I take [76] it that would be the period from 1940 to 1948; am I correct?

A. Approximately, yes.

Q. Out of those 1000 metal frames, how many instances of complaints had you had where the battery cases were broken?

A. We are going back ten years. It's a little hard to remember that. Frankly, I can't recall. We are going back a little bit too far. We have had too many items to sell during that period of time.

Q. Would it have been a large number?

A. Why, no, not any more than the plastic ones, and I'll tell you why; because the metal frames that we had—that we were selling, were adjustable to the size of the top of the battery, and a man could adjust it to the actual top of the battery, so that there would not be any hang-over.

Q. But in any event, you cannot give me a percentage figure for broken battery cases in installing metal frames?

A. I'm afraid not.

(Deposition of Morton Bean.)

Q. Now, you handle products of many companies?  
A. Yes, sir.

Q. Are some of those products metal?

A. Yes.

Q. And are some of those products plastic?

A. Yes.

Q. Do you consider yourself well experienced in the [77] automotive industry?

A. Yes, in my own field.

Q. Did there come a time in the sale of products such as yours when there was a sort of a revolution, a change-over from metal to plastic in many items?

A. No, not necessarily; I wouldn't say so. If an item adapted itself to plastic and it was better in plastic than it was in metal, as it was obvious here in the plastic hold-downs, then it was changed over. However there are many things here that are carried exactly the same as it was in '40.

Q. When new plastics were developed by the suppliers of plastic, metal objects that were adaptable to being made out of plastic were made out of plastic?  
A. Probably." [78]

\* \* \* \* \*

(Whereupon counsel resumed the reading of the deposition [81] of Morton Bean as follows:)

"Q. I believe you stated that the frames come to you in boxes; is that correct?

A. Yes, sir.

Q. Would Exhibit 32 be representative of the box that all the frames come in?  
A. Yes."

(Deposition of Morton Bean.)

Mr. Halle: Your Honor, Exhibit 32 in this deposition is Plaintiff's Exhibit 31 for identification on the trial. This red box.

The Court: All right.

(Whereupon counsel resumed the reading of the deposition of Morton Bean as follows:)

"Q. Just different sized boxes for different sized frames? A. Yes.

Q. But the same color, same printing, and they all say "Kant-Ker-Rode Plastic"?

A. That is right.

Q. Do you ship the frames out in boxes, too?

A. Just the way they come in. In many instances we don't even open the case, whereas the case usually carries twelve frames each individually boxed. However, at no time would we ever take the frame out of the box that it comes in, the small box. We would ship it exactly this way." [82]

\* \* \* \* \*

"Q. Do you know when the Kravex frame was put on the market?

A. Not to the date, but I would approximate somewheres about a year ago. At that time I first started to see it on a number of jobbers' shelves."

\* \* \* \* \* [84]

"Q. You are familiar with the fact that both the plaintiff and the Kravex Company put out plastic battery hold-down frames? A. Yes.

Q. When you want to buy a plastic battery hold-down frame, and you want the Van Brode product, meaning the plaintiff, you know where to get it?

(Deposition of Morton Bean.)

A. Are you asking that as a question, sir?

Q. Yes.

A. I go to my stock and take one. I don't know what you mean by that.

Q. You know where to order it from?

A. Yes, of course.

Q. You have never received a Kravex frame when you order Van Brode?

A. I don't write to Kravex for my Van Brode frames." [85]

\* \* \* \* \*

"Q. How many different types of automotive products do you handle? [92]

A. I would say we warehouse for about 25 companies.

Q. And the number of different products that you handle? A. Are considerable.

Q. Over 100? A. Oh, yes.

Q. Are they all black? A. Oh, no."

\* \* \* \* \*

"Q. Do you handle battery cable?

A. Yes, sir, we do. That is right; the Crescent Company has a red plastic battery cable.

Q. Do you sell a considerable quantity of that?

A. Yes.

Q. Do you know of any company that makes red spark plug caps?

A. There may be some; I do not know. We don't handle spark plug caps."

\* \* \* \* \*

"Q. I hand you Plaintiff's Exhibit 26 for iden-



(Deposition of Morton Bean.)

tification and ask you if you have ever seen a product like that before?

A. I've seen the product as far as being the spark plug cap; yes, I've seen it.

Q. Have you seen it in different colors?

A. Yes.

Q. Including the color red?

A. Yes." [94]

\* \* \* \* \*

The Clerk: There has been marked for identification a deposition of Abraham Goldin, No. 60 for identification.

Mr. Kirschstein: This deposition was taken on February 28, 1958:

(Whereupon counsel commenced the reading of the deposition of Abraham Goldin as follows:) [99]

#### DEPOSITION OF ABRAHAM GOLDIN

"Q. Would you state your full name, address, and age, please?

A. My name is Abraham Goldin; I live at 1121 Fenwood Drive, Valley Stream, New York; I am thirty-eight and a half years old.

Q. Will you state what your occupation is, please?

A. Manager of Mitchell Auto Supply.

Q. Do you have any association with London Tire Company, Inc.?

A. London Tire Company is the mother company of Mitchell Auto Supply.

(Deposition of Abraham Goldin.)

Q. What is the business of Mitchell Auto Supply?

A. We wholesale auto supplies to the jobbers.

Q. What is the business of London Tire?

A. London Tire is a tire business.

Q. How long have you been associated with the automotive trade?

A. I came here in '41 and worked for about three years in Strauss Stores—about twenty years.

Q. What are your present duties with Mitchell?

A. I buy the majority of the merchandise. I make up all the deals. I set the selling prices. I set the policy for the company.

Q. Would it be correct to say you are familiar with the business of Mitchell? [100]

A. Definitely.

Q. By "Mitchell," I am referring to Mitchell Auto Supply. A. Right.

Q. Are you familiar with an item known as a "metal battery hold-down frame"?

A. Yes, I am.

Q. How long have you been familiar with metal battery hold-down frames?

A. About seventeen years.

Q. In your experience have you become aware of any defects in the metal frames?

A. Except for them corroding and possible shorting out of batteries, that's about it.

Q. Have you found that to be a problem with metal frames? A. I'd say "yes."

(Deposition of Abraham Goldin.)

Q. How long have you known about the corrosion and shorting problems?

A. Ever since I have been handling them.

Q. How long is that?

A. Seventeen years.

Q. Have you ever observed these defects on the frames, the metal frames? A. Yes.

Q. Many times? [101] A. Many times.

Q. Are you familiar with the plastic battery hold-down frame made by Van Brode Milling Company, Inc.? A. Yes.

Q. I show you Plaintiff's Exhibit No. 33 for identification and ask you if you recognize that item? A. Yes.

Q. What is that?

A. That is a No. CD-10 battery plastic hold-down frame.

Q. Is that a Van Brode frame?

A. Van Brode, yes.

Q. I show you Plaintiff's Exhibit No. 32 for identification and ask you if you can recognize that? A. That is the box.

Q. The box for this frame, Exhibit 33?

A. Yes.

Q. How long have you been familiar with the plastic frames made by Van Brode Milling Company, Inc.?

A. About three or four years.

Q. Does Mitchell Auto Supply sell these frames?

A. Yes.

Q. How do the plastic frames compare with the

(Deposition of Abraham Goldin.)

metal ones, as far as the defects you mentioned before with respect to the metal frames? [102]

A. They don't corrode, and there is no possibility of cable shorting out on that particular material.

Q. What type of product have you found these plastic frames made by Van Brode Milling Company, Inc., to be as far as quality?

A. It is a good item.

Q. Have the sales of the metal frames been affected by the coming onto the market of the Van Brode plastic frames?"

Mr. Proujansky: I believe that question was withdrawn. There is no answer to it.

Mr. Caughey: That is correct.

(Whereupon counsel resumed the reading of the deposition of Abraham Goldin as follows:)

"Q. Do you sell as many metal frames as you used to? A. No.

Q. Have your sales of metal frames decreased?

A. Yes.

Q. To what do you attribute that?"

Mr. Proujansky: I object to that question, your Honor.

The Court: Overruled. [103]

I take these questions as being limited to the locality and the space and the experience of the man.

Here is a man who has been here and who has handled the product for this company, and therefore he is not giving a generalized answer, but the

(Deposition of Abraham Goldin.)

sales with which he is familiar from that store, and that is the way I interpret it.

The difficulty is when you take a deposition there is no one there who can re-arrange or reframe the question and therefore both sides are at a disadvantage, and I always bear that in mind.

All right.

(Whereupon counsel resumed the reading of the deposition of Abraham Goldin as follows:)

“A. Well, first of all, we are pushing the plastic much harder than we are pushing the metal, because of the profit structure there. That is it. That is, as far as I am concerned.

Q. In other words, your sales of the metal have declined since you started selling the plastic frames?”

Mr. Proujansky: I object to the form of the question on the ground it is leading.

The Court: It is merely a summation of the other. I will sustain the objection because it doesn't include the [104] reason. I will sustain the objection. It is merely a repetition of what he has already told us, and in his answer he has put in one qualification which the question doesn't have. I will sustain the objection to that question.

(Whereupon counsel resumed the reading of the deposition of Abraham Goldin as follows:)

“Q. Do you know who created the market in plastic frames?

A. I think you will have to word that a little different, because I don't know what you mean.

(Deposition of Abraham Goldin.)

Q. There is a market for plastic frames at the present time, isn't there? A. Yes.

Q. Do you know what company or corporation created that market?

A. I think Mitchell Auto Supply was very essential in creating the market. Is that what you are trying to—

Q. I mean, what manufacturer of plastic frames."

Mr. Proujansky: I object to the form of the question, your Honor. It calls for a conclusion.

The Court: Overruled.

(Whereupon counsel resumed the reading of the deposition [105] of Abraham Goldin as follows:)

"A. Van Brode."

Mr. Kirschstein: That is all the direct.

(Whereupon counsel resumed the reading of the deposition of Abraham Goldin as follows:)

#### "Cross Examination

Q. (By Mr. Proujansky): In the course of your business, did you ever use metal battery hold-down frames?

A. Did I ever use them, personally?

Q. As a part of your business operations.

A. Yes.

Q. When you say you used them personally, what do you mean by that?

A. That I installed them on cars.

Q. You installed them on cars?



(Deposition of Abraham Goldin.)

A. That is what I meant by "using them, personally."

Q. Did you, in connection with your duties in Mitchell Auto Supply ever install metal battery hold-down frames on automobiles?

A. Yes, I did.

Q. Is Mitchell Auto Supply in the retail business?      A. No, but London Tire is.

Q. In the course of your duties for London Tire, you [106] installed metal battery hold-down frames?

A. I showed the other boys, and also installed the other frames, that's right.

Q. You indicated there were certain defects in the metal battery hold-down frames?

A. Yes.

Q. How did those defects come to your attention?

A. When you take out the old battery, all this corrosion, all this acid is spilled over onto the metal, and causes corrosion there. So sometimes they would be cracked in half, or they would be so badly corroded it would be hard to take it off the battery itself.

Then there is the other defect. That was the shorting defect. If the cable, which is generally rubbing up against the frame of the battery, the hold-down of the battery wears away the metal there, if it is the positive cable, it could wear out and cause a ground there, so that is going to short it out.

(Deposition of Abraham Goldin.)

Q. These defects of which you speak, you noticed with respect to battery hold-down frames that you did not sell, but were on cars that came in to you for replacement; is that a correct statement?

A. Say it slow. I am not so smart.

Mr. Proujansky: Will you repeat the question, please? [107]

(The pending question was read back by the reporter.)

The Witness: Can I talk off the record.

(Discussion off the record.)

A. There would be no way of me knowing whether I sold these battery hold-downs originally or not, because I may have sold it to a customer, who in turn sold it to the consumer.

Q. Did you ever notice in the course of your business duties any defective plastic battery hold-down frames? A. Yes.

Q. What was the nature of the defect that you observed in the plastic battery hold-down frames?

A. That they would break.

Q. How many of these broken frames have you seen in the course of your activities for Mitchell Auto Supply, approximately?

Mr. Kirschstein: Are you talking about plastic?

A. Maybe a hundred.

Q. That last answer referred to plastic battery hold-down frames? A. Yes.

Q. Do you know the color of the Van Brode plastic hold-down frames? A. Yes. [108]

Q. What is that color? A. Red.

(Deposition of Abraham Goldin.)

Q. Have any of the Van Brode plastic battery hold-down frames ever been shipped to you in any color other than red? A. No.

Q. Was there any time that you saw a yellow Van Brode plastic battery hold-down frame?

A. No.

Q. Have you ever seen anywhere else on the market, other than in your place of business, any plastic battery hold-down frame made by Van Brode in any color other than red? A. No.

Q. Do you still sell metal battery hold-down frames? A. Yes.

Q. Do you have customers that prefer metal battery hold-down frames to plastic ones?

A. Yes.

Mr. Proujansky I have no further questions.

#### Redirect Examination

Q. (By Mr. Kirschstein): You mentioned broken plastic frames. Are these frames that were broken in shipping here, or were they broken on the cars or what? A. Broken on the cars. [109]

Q. Can you estimate how many plastic frames you have sold since you started selling them?

A. An estimate?

Q. Yes.

A. It would be about eight thousand a year.

Q. Do you know why—

A. Did I say "eight thousand a year"?

Q. Yes.

A. It is more than that; it would be about twelve thousand a year.

(Deposition of Abraham Goldin.)

Q. Do you have any idea how the broken plastic frames got broken?"

Mr. Proujansky: "I object to that, unless you particularize."

Apparently the question was withdrawn.

(Whereupon counsel resumed the reading of the deposition of Abraham Goldin as follows:)

"Q. Do you know whether they were broken because they were defective as sold, or whether they broke because the person putting them on misused them, or broke them because he didn't know how to put them on?"

Mr. Proujansky: I object to the question because it [110] calls for a conclusion, your Honor.

The Court: Overruled.

(Whereupon counsel resumed the reading of the deposition of Abraham Goldin as follows:)

"A. I am not an engineer. I couldn't answer it, not truthfully.

Q. Do you know whether any are broken by people misusing them, putting them on wrong?

A. I couldn't answer that either.

Q. You mentioned that some of your customers still prefer the metal frames? A. Yes.

Q. Have the number of customers that preferred metal frames declined since the plastic frames came into existence? A. Yes.

Q. Would you say greatly?"

Mr. Proujansky: I object to the question.

The Court: It has no meaning.

Mr. Kirschstein: I will read back.

(Deposition of Abraham Goldin.)

The Court: Yes, please.

Mr. Kirschstein: "Have the number of customers that preferred metal frames declined since the plastic frames came into existence?"

A. Yes. [111]

Q. Would you say greatly?"

Mr. Proujansky: I object to the answer unless we have specific figures.

The Court: Of course I don't know what the answer is. It is a question of degree.

Overruled.

(Whereupon counsel resumed the reading of the deposition of Abraham Goldin as follows:)

"Q. You can answer.

A. Yes, it declined greatly.

Q. You referred before to having seen some metal frames that were broken or corroded?

A. Yes.

Q. Have you ever heard complaints in the trade from your customers, or even competitors about the corrosion problem on metal frames?"

Mr. Proujansky: I object to the question on the ground it is hearsay.

Mr. Kirschstein: I believe, your Honor, what he heard in the trade is an exception.

The Court: Read it to me again, please.

Mr. Kirschstein: "Have you ever heard complaints in the trade from your customers, or even competitors about the corrosion problem on metal frames?" [112]

The Court: That is permissible. To show the

(Deposition of Abraham Goldin.)

state of the art at the time of the particular invention can only be proved by persons who have used the product, and a person who sells the product to whom complaints are made can testify that he heard complaints from others.

Overruled.

(Whereupon counsel resumed the reading of the deposition of Abraham Goldin as follows:)

“Q. You can answer.

A. Yes, we have discussed it at various times.

Mr. Kirschstein: That is all.

#### Recross Examination

Q. (By Mr. Proujansky): Of the plastic frames that you have handled, what percentage of these have been in the wholesale trade, and what percentage have been in the retail trade?

A. 99½ per cent wholesale and ½ per cent retail.

Q. The defective frames which you have come in contact with, that is, the plastic ones, is that over the whole length of your experience with the plastic frames, or was that concentrated in any particular period?

A. It is over my whole time that I am handling them.

Q. Did your experience come in connection with your wholesale sales, or in connection with your retail sales? A. Wholesale sales. [113]

Q. So that all of the defects that you noticed, or that came to your attention, came in the 99½



(Deposition of Abraham Goldin.)

per cent, and none of them came in the small portion of retail sales?

A. I would say that is true.

Q. Have you ever returned any plastic battery hold-down frames to Van Brode Milling Company for credit?      A. Yes.

Q. Would you know how many frames you have returned for credit?

A. On a guess, you mean, approximately?

Q. Approximately.

A. Approximately a hundred.

Mr. Proujansky: I have no further questions."

Mr. Kirschstein: That is the end of this deposition, your Honor.

Your Honor, the next deposition is a deposition that was taken in a New York case, and there is a stipulation on file in this case that it may be read here.

The Court: All right.

Mr. Kirschstein: I am not familiar with your procedure, your Honor. I don't know whether to mark the stipulation or not.

The Court: We mark it. When they are transcribed into the record, there are various methods of identification, [114] and that is another method of identifying it.

The Clerk: What Mr. Kirschstein has in mind is the stipulation contained in the body of this deposition, which is to the effect that this deposition may be used in the case we are now hearing.

Mr. Kirschstein: No. It is contained on a separate paper that was filed in court.

The Court: That is all right.

If counsel remembers it, that is all right.

The Clerk: It will be in the minutes, your Honor.

Deposition of Samuel J. Kraver marked for identification as Plaintiff's Exhibit 61, it being read per stipulation.

(The exhibit referred to was marked as Plaintiff's Exhibit No. 61 for identification.)

Mr. Kirschstein: This deposition was commenced on August 7, 1957, your Honor.

(Whereupon counsel commenced the reading of the deposition of Samuel J. Kraver, as follows:)

## DEPOSITION OF SAMUEL J. KRAVER

"Q. Would you state your name, address, and age, please?

A. Samuel J. Kraver, 4944 Hawthorne Lane, Great Neck, New York.

Q. Are you connected with Kravex Manufacturing Corp.? A. Yes.

Q. What is your connection? [115]

A. I'm president.

Q. Are you a director of that company?

A. Yes.

Q. Are you a stockholder? A. Yes.

Q. The principal stockholder? A. Yes.

Q. What is the business of Kravex Manufacturing Corp.?—which from now I will refer to as "Kravex" for brevity.

(Deposition of Samuel J. Kraver.)

A. We sell to the automotive trade, we sell to the bicycle trade.

Q. What, exactly, do you sell?

A. We have subcontractors. We have our own molds; we have various contractors making items for us.

Q. You mean you get requests to make a certain item, and then you make it?

A. No. Different things that I think I want to go into, I go into.

Q. How long has Kravex been in business?

A. Originally I was Kravex Specialty Company. I formed that in 1938. It became Kravex Manufacturing Corporation in 1947.

Q. The previous concern was a company; is that it?      A. Yes.

Q. Has Kravex always made the same products that they are making today? [116]

A. We have more or less specialized in rubber and plastics.

Q. Since the corporation was incorporated?

A. Right.

Q. How about the company?

A. The company was in the jobbing business. Kravex Specialty Company were jobbers.

Q. So there was a change in the type of business when you incorporated; is that right?

A. That's right.

Q. What are some of the items that Kravex makes?

The Witness: You mean to list individual items?

(Deposition of Samuel J. Kraver.)

Mr. Kirschstein: Yes.

A. I make various rubber products in the automotive trade. I make plastic products in the automotive trade and the bicycle trade.

Q. What are some of those products?

A. In plastic products I make bicycle handlebar grips, which are used by the automotive people as well as the bicycle people. I make various plastic products also used in the automotive trade and the bicycle trade.

Q. What is the principal place of business of Kravex?

A. 273 Van Sinderen Avenue, Brooklyn, New York.

Q. What is the state of incorporation? [117]

A. What do you mean?

Q. What state is Kravex Manufacturing Corp. incorporated in? A. New York State.

Q. I believe you said that you have your own molds and make your own products?

A. I don't make them, I contract them out.

Q. That's what you meant by "contract"?

A. Yes. I happen to have molders make the stuff for me.

Q. You own the materials for making the products? A. I own the molds.

Q. You own the molds? A. That's right.

Q. What kind of molds are you referring to?

A. Rubber molds, plastic molds.

Q. The molds for making—

(Deposition of Samuel J. Kraver.)

A. Plastic dies, rubber dies, rubber molds, plastic molds.

Q. As I understand it, these molds and dies are used by contractors of yours to make products for you, which you sell? A. That's right." [118]

\* \* \* \* \*

"Q. (By Mr. Kirschstein): Do you make battery hold-down frames? A. That's right.

Q. How long have you made them?

A. Oh, I would say I've made it approximately four months.

Q. You have been making them for four months?

A. Yes. [120]

Q. Did you bring a sample of the ones that you make? A. Yes.

Mr. Kirschstein: Would you produce that, please?

The Witness: Yes.

(Witness handed plastic battery hold-down frame to Mr. Kirschstein.)"

The Court: Was that identified?

The Clerk: As Plaintiff's Exhibit No. 1 to the deposition, and in this case it is Plaintiff's Exhibit No. 3.

The Court: All right.

Another red frame?

The Clerk: Yes.

(Whereupon counsel resumed the reading of the deposition of Samuel Kraver, as follows:)

"Q. I show you Plaintiff's Exhibit 1 for identification and ask you to identify it. A. Yes.

The Witness: What shall I say?

Mr. Halle: This is a battery hold-down frame

(Deposition of Samuel J. Kraver.)

produced by the witness as a manufacture of his company.

Q. This is the frame that you have been making for the last four months? A. That's right.

Q. Are there other sizes of this frame? [121]

A. Yes.

Q. Are there other shapes of it? A. Yes.

Q. What are the other shapes? How would they vary from this? A. Longer, wider.

Q. How about the location of the parts with the holes? A. With the holes? They vary.

Q. They vary in position?

A. They vary in position.

Q. That is a feature of the type of battery it is used on; is that correct?

A. That's right. We just followed what was used on the manufacturer's equipment. We went through the various cars and just copied their styling as far as fit was concerned. After all, this is supposed to serve a purpose.

Q. Now, as I understand your testimony, you have never made any battery hold-down frames; is that right? A. No, that's right.

Q. Do you own the molds for making these frames? A. Yes.

Q. Who is the contractor that makes the frames for you? A. Gary Enterprises, Inc.

Q. Are they the only contractor that makes these frames for you? [122] A. Yes.

Q. Has any other contractor ever made them for you? A. No.



(Deposition of Samuel J. Kraver.)

Q. How did you come to make these battery hold-down frames?

A. I'm always looking for items to make. In our business you have to come out with new items from time to time. It's very important.

This is just another item in the course of making additional items for my company.

Q. Who actually made the molds? Did you make them yourself, or what?

The Witness: Do I have to answer that?

Mr. Halle: Yes, you can answer that.

A. Made by Gary. Gary made the molds for me.

Q. Who designed the molds? A. Gary.

Q. If I understand you, Gary designed the molds and made them, and they belong to you—and by “you” I mean your concern.

A. That's right.

Q. And they, under contract to your concern, make the battery hold-downs from the molds?

A. Yes. [123]

Q. Did you tell them what you wanted designed when they designed them? A. Yes.

Q. In other words, you approached them to make the molds?

A. I went out to various cars. I got original hold-downs that I bought from the various car dealers——

Q. What do you mean by “original” hold-downs?

A. The metal hold-down that originally came on the car. That's where I got the sizes from. That's

(Deposition of Samuel J. Kraver.)

where I got the designs from. That's where I got the shape from.

Q. What did you do with that?

A. We took those hold-downs and made them out of plastic.

Q. Did you take to Gary the actual metal hold-downs? A. That's right.

Q. You bought some and took them to them?

A. That's right.

Q. What are your hold-downs made of?

A. Plastic.

Q. What type of plastic, do you know the name of it, the composition?

The Witness: We can submit that, can't we?

Mr. Halle: Yes.

(Mr. Halle handed paper to the witness.)

Mr. Halle: First of all, would you tell [124] Mr. Kirschstein whether or not you are familiar with the chemistry of these items?

The Witness: Well, I'm not a chemist.

Mr. Halle: But you did something to find out what your product is made of?

The Witness: Oh, yes. I knew that there was a plastic hold-down on the market. I had seen it.

Q. (By Mr. Kirschstein): What plastic hold-down was that?

A. I knew there was a plastic hold-down being made by Van Brode.

Q. You mean before you came out with this one?

A. Before I came out with it.

Q. Yes.

(Deposition of Samuel J. Kraver.)

A. And I also knew that they had a patent on it. The patent is written on the item itself, that they were patented.

I don't go around—It was not my intention to infringe upon Van Brode's hold-down. Before I went into the manufacture of this hold-down I had a copy of their patent and read what it stated, and in that patent copy it stated that the thing that they had patented above everything else was a formula which the hold-down was made out of.

Q. You mean the formula for the plastic?

A. The formula for the plastic, the ingredients.

The first thing, I instructed Gary to make sure that the product that we used—the formula—would not be the same as Van Brode's, so that there would not be an infringement—not the same as Van Brode's material.

Q. You mean not the same as the patent referred to; is that it?

A. That's right. I told him to be careful above all that we would use a different material—which I understand we did; we used a different material from what is used by Van Brode.

The Witness: Does that cover it?

Q. Well, what is the material that you use?

A. The material we use is made by the Bakelite Company. They call it TMD-2155.

In fact, I can go on further. TMD-2155 is a mixture of——

Mr. Halle: We will give you this letter which the attorney of record, Mr. Proujansky, received

(Deposition of Samuel J. Kraver.)

from Bakelite. He wrote for information on the material, and this letter is what he received.

If you want to mark it as an exhibit, or make a copy of it—or I will give you a photostat of it.

Mr. Kirschstein: All right. Let's read it first.

The Witness: I think they even mention there that it's their own material, that they have always used it. [126]

Mr. Kirschstein: We can either read it in, or we can put a copy in.

As I understand it, this is the witness' answer to the question. Let me ask a few questions, and then we will go on with this.

Mr. Halle: All right.

Q. (By Mr. Kirschstein): Have you always used the same plastic since you have been making your battery hold-down frames?

A. I think so. I'm not sure, but I think so. In fact, I can tell you this: I believe that there are other companies that have material similar to that that will serve my purpose. It may not have the same ingredients.

When I decided to make a plastic hold-down, it was not my intention to infringe upon Van Brode. As I mentioned before, I wanted to increase my sales. I was on the out-look for additional items.

So long as the hold-down will serve my purpose, so long as the hold-down will not break, so long as it won't corrode, that serves my purpose.

Bakelite is not the only company that can supply me with a material that will serve my purpose.

(Deposition of Samuel J. Kraver.)

Q. What I want to know is, who chose the material? Did Gary contact Bakelite for material, or what?

A. Gary contacted Bakelite for the material.

Q. The material they wanted had to meet certain specifications, didn't it?      A. Yes.

Q. What were those specifications, and who gave them to Gary?

A. I told Gary what I wanted, just in conversation. I'm not a chemist; I didn't mention the formula.

Q. What did you tell Gary?

A. "I want to make a plastic hold-down."

Q. Yes. What did you tell them about the plastic? Even if you are not a chemist, you realized as a layman that you couldn't use any plastic at all, right?

A. I know that metal will corrode. I wanted them to make it in the form of a plastic that would not corrode, that would not break.

Q. How did the particular plastic that is used actually come to be used?

A. I will explain to you. Naturally, Gary does business with various companies, people whom he buys raw materials from. Bakelite evidently is one of them. The Bakelite salesman may have been in at the time, or Gary may have contacted Bakelite.

Q. Let me ask you, did you tell Gary, for example, that you wanted a plastic that would be durable and that would not melt under heat—any

(Deposition of Samuel J. Kraver.)

of that type of specification, for the [128] use that you intended to make of it?

A. I didn't go into fine detail with Gary. I wanted to make—I decided to make a battery hold-down.

Q. Out of plastic? A. Out of plastic.

Q. And it was up to them to get the material to make it with; is that right? A. That's right.

Q. As far as you know, they have used only one material?

A. As far as I know. But I understand Gary—Gary told me, oh, maybe the last month or two, that he might use other plastics as well, because there are other plastics on the market made by other companies that will serve our purpose as well.

Q. But up to now you have always used the same plastic, which is the one supplied by Bakelite.

A. I'm not sure. I think so.

Q. Who would know? Would Gary know?

A. Gary would know."

Mr. Kirschstein: I am now turning to page 21, beginning with line 2.

(Whereupon counsel resumed the reading of the deposition of Samuel Kraver, as follows:) [129]

"Q. Have you ever seen the plaintiff's product, the plaintiff's battery hold-down?

A. Have I ever seen it?

Q. Yes. A. Yes.



(Deposition of Samuel J. Kraver.)

Q. When did you first see it?

A. Several years ago.

Q. What is the natural color, if you know, of the plastic, the composition, that is used?

A. I'm not sure. I don't know. I believe you can have that come in various colors.

Q. This plastic could be made in various colors?

A. This plastic could be made in various colors.

Q. How did you come to choose red for your frames?

Q. We use red. We have an item now that we make for spark plugs.

Q. What is that?

A. It's called a dry cap and a dry plug, which we make in red.

Q. What is that?

A. It's geon. Geon is a form of vinyl.

Q. It's a different plastic from this?

A. Yes.

Q. And that's red?

A. That could come in any color we want. We made this [130] in red.

Q. What has that got to do with the color of this?

A. I thought it was somewhat of a kindred item. It's part of the ignition system. It's something that is used around the motor of a car, and customers are partial to red.

Q. How long have you been making that item, the one for the spark plugs?

A. Since 1948 or 1949.

(Deposition of Samuel J. Kraver.)

Q. You have been making that particular thing since 1948 or 1949 in plastic?

A. That's right.

Q. And in red? A. And in red.

Q. What is the color of the ordinary metal battery hold-down?

A. In some cases black, and in some cases a neutral color. No—I think in most cases black. Originally it may have been made, I suppose, of steel, with no color, and I suppose they dip them or paint them black.”

Mr. Kirschstein: I am starting at the last line on page 23.

(Whereupon counsel resumed the reading of the deposition of Samuel Kraver, as follows:)

“Q. Was Gary given a sample of what they were to make, [131] a physical sample?

A. What do you mean, “physical sample?”

Q. Were they given a plastic hold-down as an example of what they were to make?

A. Gary was given a Van Brode hold-down by me with the express wishes that the material that would be used would be something other than was used in that particular hold-down—for that reason only.

Q. What were they given the Van Brode hold-down at all for, then?

Mr. Halle: He said “for that reason only.”

A. I'll answer that. To make sure that by

(Deposition of Samuel J. Kraver.)

accident we do not use their formula. They were given that for that express reason.

Q. So they would know what not to make; is that it?

A. I didn't want, by accident, to pick the same type of formula. I wanted to make a hold-down, but I didn't want to use their formula.

Q. You said before that there were a number of plastics that would serve your purposes.

A. No, no—other companies that have them in their regular line, that have plastics that we could use just as well. In fact, we may at some time in the future buy plastics from other companies, not from Bakelite, so that we can have more than one source of supply—for that [132] reason only.”

Mr. Kirschstein: I am now turning to page 27, line 3.

(Whereupon counsel resumed the reading of the deposition of Samuel Kraver as follows:)

“Q. When did you first see a copy of the patent in suit?

A. When I first thought I would like to go into making a battery hold-down out of plastic.

Q. When was that?

A. And knowing that there was one on the market made by Van Brode, I instructed Mr. Halle to get me a copy of their patent.

Q. When was that?

Mr. Halle: Maybe I can find it.

A. Sometime in December of 1956.

(Deposition of Samuel J. Kraver.)

Mr. Halle: I have a letter here dated December 10, and I believe the inquiry came to me a little before that.

Q. That is when you first saw the patent, when Mr. Halle got it for you? A. That's right.

Q. But you had seen the product itself several years before? A. Yes." [133]

Mr. Kirschstein: I am now turning to page 32, line 7.

(Whereupon counsel resumed the reading of the deposition of Samuel Kraver, as follows:)

"Mr. Kirschstein: Would you mark this as Plaintiff's Exhibit 3 for identification, please."

The Clerk: That is Exhibit No. 4 in this case.

Mr. Kirschstein: Yes, and Exhibit 3 in the deposition.

(Whereupon counsel resumed the reading of the deposition of Samuel Kraver, as follows:)

"Q. I show you Plaintiff's Exhibit 3 for identification and ask you to examine and see if you can recognize it. A. Yes.

Q. What is it?

A. I see it's made by Van Brode Milling Company.

Q. It is a Van Brode hold-down?

A. It is a Van Brode hold-down. It's got the name on it, so it must be that."

Mr. Kirschstein: Turning to page 33, the last line.

(Deposition of Samuel J. Kraver.)

(Whereupon counsel resumed the reading of the deposition of Samuel Kraver as follows:)

“Q. Are you familiar with, or have you ever seen, the [134] box that Van Brode sells their frame in? A. By all means.

Q. When did you first see the box?

A. When I first saw their hold-down.

Q. And that was several years ago?

A. That's right.

Mr. Kirschstein: Would you mark this Plaintiff's Exhibit 4 for identification, please.”

Mr. Kirschstein: Your Honor, this is Exhibit 5 in this case, and it was 4 on the deposition.

The Court: All right.

We have a similar copy, haven't we?

Mr. Caughey: Yes.

(Whereupon counsel resumed the reading of the deposition of Samuel Kraver, as follows:)

“Q. I show you Plaintiff's Exhibit 4 for identification and ask you if you can identify it.

A. I know the box was red and white. I never examined their box very carefully.

Every item that we make we package, we box. An item can't be sold if it's not boxed. We merchandise everything we make and we box it.

Mr. Kirschstein (To the reporter): Would you read back the answer? I didn't hear his answer.

(Reporter read last answer as recorded.)

Q. You say this is a different box from the one you saw a few years ago, except for the red and white?

(Deposition of Samuel J. Kraver.)

A. I've seen their item on several occasions, and if I remember correctly I think they had several different styles of boxes.

Q. But they always used red and white?

A. If I remember correctly, they used red and white."

\* \* \* \* \*

"Q. I show you Plaintiff's Exhibit 5 for identification and ask you to identify it. [136]

A. This is a box that I make.

Q. Who designed that box?

A. I designed it myself.

Q. And it is made for you by some manufacturer?

A. When I say that I designed it myself—I'm not a designer. I mean, the people that printed it for me. This box was made by Acme Folding Box. I generally sit down with their salesmen or I go up to see them or they come to see me, and between both of us we designed it.

Q. What is the address of Acme Folding Box?

A. Acme Folding Box—they are at 21 East 25th Street.

Q. New York City?

A. New York City.

Q. Is that the only type of box you use?

The Witness: They are between—I'm not sure of the address—they are between Lexington and Third Avenues, on 25th Street, New York.

Mr. Kirschstein: All right.



(Deposition of Samuel J. Kraver.)

Q. Is this the only type of box you use for these hold-downs? A. We have several sizes.

Q. But outside of the size, is this the only type?

A. The styling?

Q. Yes. [137] A. Practically.

Q. You say "practically." What differences are there?

A. The size of print is different, the size of type. A longer box, a narrower box.

We make boxes to fit the particular hold-down. You can't put a big hold-down in a small box or a small hold-down in a big box.

Q. But the coloring and the style are the same?

A. We try to use the same coloring and the same style—all one box. The particular item, I try to use all the boxes designed one way. The color scheme—we feature yellow and red on all of our packaging." [138]

\* \* \* \* \*

"Q. Have you ever seen any of the plaintiff's advertising and circulars? A. Yes.

Q. When did you first see that?

A. I saw them on many occasions.

Q. When? How long ago was that?

A. I saw them several years ago, I saw them lately. I have seen them on a number of occasions.

Mr. Kirschstein: Would you mark these as Plaintiff's Exhibits 6, 7, and 8 for identification?"

Mr. Kirschstein: That, your Honor, is Exhibits 7, 8, and 9 at this trial.

(Deposition of Samuel J. Kraver.)

The Court: All right.

(Whereupon counsel resumed the reading of the deposition of Samuel Kraver as follows:)

“Q. I show you Plaintiff’s Exhibits 6, 7, and 8 for identification and ask you to examine them and see if you recognize them.

A. I have seen many of these sheets, but whether I can identify individual sheets, maybe yes and maybe no.

When I make an item, as a rule I use my own style and my own designing. We have dozens of catalogue sheets. I don’t generally worry about copying the other fellow. I’ve been in my industry now for thirty-two years. Since 1925 I have been in the automotive business. I have been a manufacturer’s agent; I worked for a jobber, to begin with; I was a manufacturer’s agent after that, and I was in the jobbing and mail-order business after that; and now I’m in manufacturing. Over these years I have had enough experience in seeing thousands of catalogue sheets.

Q. These are examples of the sheets of the plaintiff that you have seen over the last several years?

A. Yes, I believe they are.

Q. Have you produced examples of your advertisements and circulars?

(Mr. Halle handed circulars to Mr. Kirschstein.)

Mr. Kirschstein: Will you mark these, please, as Exhibits 9 and 10 for identification.”

(Deposition of Samuel J. Kraver.)

Mr. Kirschstein: These are 10 and 11 for identification, your Honor, at this trial.

The Court: All right.

(Whereupon counsel resumed the reading of the deposition of Samuel Kraver, as follows:)

"Q. I show you Plaintiff's Exhibits 9 and 10 for identification, and ask you if you can identify them.

A. Yes.

Q. Are these your catalogue sheets?

A. Yes.

Q. Who designed these?

A. I generally do it, in cooperation with my printer.

Q. Was the printer given any particular instructions when these were ordered?

A. We generally work together. Do you want me to name the printer?

Q. Yes.

A. I think these were done by Kopp Printing, 226 William [141] Street, New York—Jack Kopp.

Q. Were they given anything to work from?

A. Well, we worked together on them.

Q. Were they given any samples to work from, any samples of anything?

A. Is this a photograph, or is it a drawing? I'm not sure. This might be a photograph or it might be a drawing. He gets a sample. We give him our sample, and either he photographs it from a battery, or he makes a drawing of it. I'm not sure how it was done.

Q. Who gave the printer the text material that is written on there?

(Deposition of Samuel J. Kraver.)

A. We do that together. We decide upon the words to use.

Q. How about things like——

A. Everything. You see, we do that on our own. We decide on that. After all, the thing is supposed to serve a certain purpose; we want to put the proper descriptive material on the catalogue sheet.

Q. In what quantities do you use these circulars?

The Witness: I don't think that's important to this case.

Mr. Kirschstein: Are you refusing to answer?

A. We vary. We may print 5,000 of a sheet, we may print 20,000 of a particular sheet. [142]

Q. Do you have any other types of circulars that you use, or are these the only ones you have used? A. We have a third one.

Q. Where is the third one?

A. We have it. We came out with that, I would say, about two months ago, six weeks ago.

Q. The third one? A. Yes.

Q. When did you come out with Plaintiff's Exhibits 9 and 10?

A. These two sheets were made originally.

Q. Those are the ones you have used from the beginning of the product?

A. That's right. We came out with a third one.

Mr. Halle: We will get you one.

Mr. Kirschstein: All right.

Q. Do you have any other advertising material?

(Deposition of Samuel J. Kraver.)

A. Yes. We have a display we came out with, a display card.

Q. When did that come out?

A. About a month ago.

In every item that we have we look to improve it all the time. We look for additional advertising literature—anything that would help the item to sell more, to help our salesmen to sell more of it, to help the customers sell more [143] of it. It's the usual practice in our industry.

Q. Did you bring a sample of that?

A. No.

Q. You will produce that also? A. Yes.

Q. Are there any other advertising materials that you have besides what you have just mentioned and what you have produced?

A. I don't think so. We haven't advertised this in any magazines of any kind.

Q. Have you advertised—

A. In any publication.

Q. In any trade publications? A. No.

Q. General publications? A. No.

Q. Newspapers? A. No.

Q. How are these advertisements, Plaintiff's Exhibits 9 and 10, used? Does the salesman take them, or what?

A. The salesmen and the customers. We give them to our salesmen and they distribute them to our customers. We may send it to the customers direct. We enclose this in shipments. We don't do anything with these sheets that we don't do with

(Deposition of Samuel J. Kraver.)

any other catalogue sheets that we produce." [144]

Mr. Kirschstein: Turning to page 65, which occurs in the continuation of the deposition on November 15, 1957.

(Whereupon counsel resumed the reading of the deposition of Samuel Kraver, as follows:)

"Q. (By Mr. Kirschstein): Mr. Kraver, you are still under oath. You are the same Samuel Kraver who testified on August 7?

A. I don't know the exact date. I know I testified before.

Mr. Halle: August 7, right.

The Witness: Yes.

Q. And you are the president of Kraver Manufacturing Corp.? A. Yes.

Q. On page 38 of your deposition you mentioned that you would check on whether your corporation made any other items besides the plastic battery hold-down frames that were packaged in just red and yellow, and not in red, yellow and blue. Did you check on that?

A. I brought some empty boxes which will show my type of packages. (Handing to Mr. Kirschstein.)

Mr. Kirschstein: Thank you.

Let the record show the witness handed me several containers.

Will you mark all of these separately. [145]

(Group of boxes furnished by witness as samples of containers used by his corporation



(Deposition of Samuel J. Kraver.)

printed in red, yellow and blue, marked Plaintiff's Exhibits 12 through 17 for identification.)”

Mr. Kirschstein: That, your Honor, is Exhibits 13 through 18 for identification in this trial.

The Court: All right.

Mr. Kirschstein: (Reading):

“(Two boxes also furnished as above, printed in red and yellow, marked Plaintiff's Exhibits 18 and 19 for identification.)”

Mr. Kirschstein: And that is 19 and 20 at this trial.

(Whereupon counsel resumed the reading of the deposition of Samuel Kraver, as follows:)

“Q. Mr. Kraver, you have before you Plaintiff's Exhibits 12 through 19 for identification, which are the containers you produced and handed me a moment ago. Would you look at them and identify them? A. Yes.

Q. Do they represent containers for all of your products, or are there other products that you make that you haven't furnished containers for?—with the exception of the plastic battery hold-down frame.

A. I'm not sure. We may have a few others. If you [146] wish every one that I have I'll be glad to send you the balance.

Q. I notice that Exhibits 12 through 17 have a red, yellow and blue color scheme; is that correct? A. Yes.

(Deposition of Samuel J. Kraver.)

Q. Whereas Exhibits 18 and 19 have red and yellow color schemes? A. Yes.

Q. Is there any reason for that?

A. Well, we have people that design boxes for us. We don't always use the same one. Maybe this particular chap thought this would be better for our purposes. It shows out in a different way. No particular reason.

Q. Don't you choose the color scheme for your boxes?

A. We try to. If it's two colors, we try to keep it red and yellow, or red and orange, or blue and orange; and if it's three colors it will be blue and yellow and red, or orange, blue and red.

Most of my items have that color scheme. It could be orange or yellow, and red and blue.

Q. Isn't it correct that blue is in the great majority of your color schemes? A. It might be.

Q. Well, don't you know? A. No. [147]

Q. You don't know whether it is?

A. I know it is. Whether it's a majority, off-hand I don't know. If I examined every one I would be able to tell you.

Q. Well, so far, the containers for the battery hold-down, and these containers exemplified by Exhibits 18 and 19, are the only ones which you have produced which are just red and yellow.

A. It's cheaper to just run two colors. It's more costly to run three colors.

Q. The question is, are there any other con-

(Deposition of Samuel J. Kraver.)

tainers than the one for the hold-down and Exhibits 18 and 19 that use just the two colors?

A. I might have others.

Q. Do you have many others?

A. I can't tell you that.

Q. Don't most of them contain blue?

A. I don't know if most of them do contain blue or not. I've never made a count of it.

Q. When were these containers, Plaintiff's Exhibits 18 and 19, made up for the first time?

A. I would say about three, four or five years ago. Whenever I went into the item.

Q. That particular item?

A. That particular item. [148]

Q. Do you recall about when that was?

A. I'd say either three or four or five years ago. I could call my office and give you within a month or two the correct time, if you wish.

Mr. Kirschstein: Would you mark this Plaintiff's Exhibit 20 for identification, please."

Mr. Kirschstein: This is Exhibit 21 on the trial, your Honor.

(Whereupon counsel resumed the reading of the deposition of Samuel Kraver, as follows:)

"Q. I show you Plaintiff's Exhibit 20 for identification (handing to witness). Do you know what that is? A. Yes, sir.

Q. What is it? A. A catalog sheet.

Q. Whose is it? A. Mine.

(Deposition of Samuel J. Kraver.)

Q. It's a catalog sheet put out by your corporation?  
A. Yes.

Q. Do your catalog sheets generally include the color scheme you employ on your containers?

A. Not necessarily.

Q. Do any of them?

A. Yes. Several of them, in fact. [149]

Q. Now I notice that none of Plaintiff's Exhibits 9, 10 or 20 have your usual color scheme. How is that?

A. Well, because each catalog sheet serves a particular purpose.

Q. Yes?  
A. I answered you.

Q. Well, is there any reason why you didn't use your usual red and yellow, or orange and blue color scheme with these?  
A. No reason.

Mr. Kirschstein: Would you mark this Plaintiff's Exhibit 21. \* \* \* And mark this 22."

Mr. Kirschstein: 21 and 22 are Exhibits 22 and 23 respectively at this trial.

(Whereupon counsel resumed the reading of the deposition of Samuel Kraver, as follows:)

"Q. I show you Plaintiff's Exhibit No. 21 for identification and ask you if you know what it is (handing to witness).  
A. Yes.

Q. What is it?

A. One of the boxes for a weatherstrip.

Q. Is it put out by you, this box?

A. Yes.

(Deposition of Samuel J. Kraver.)

Q. And the color scheme is one that you developed? [150] A. Yes.

Q. How long has this particular box been in circulation? A. Ten years, approximately.

Q. Now, looking at Plaintiff's Exhibits 12 through 17,—that's this group here—how long have these been in use?

A. Anywhere from three years to ten years.

Q. I show you Plaintiff's Exhibit 22 for identification and ask you if you know what it is (handing to witness). A. Yes, I see it. Yes.

Q. What is that?

A. A display for our shockproof flashlights. Five years, approximately.

Q. It's been out about five years, this display?

A. Yes.

Q. Did you develop the color scheme for it, like the other exhibits? A. Yes.

Q. I show you Plaintiff's Exhibit 23 for identification and ask you if you know what that is (handing to witness).

A. A display for battery hold-downs. It's been out about three months, four months, five months, approximately."

Mr. Kirschstein: That is Exhibit 24 at the trial.

(Whereupon counsel resumed the reading of the [151] deposition of Samuel Kraver as follows:)

"Q. Do your customers use these display cards in the sale of the products you send them?

(Deposition of Samuel J. Kraver.)

A. It could be.

Q. In other words, are these used by you to sell your products to your customers, or are they sent to those customers to sell the product to the ultimate retailer or the public?

Mr. Kirschstein: Do you follow my question?

The Witness: No.

Q. I'm asking you, what are these display cards primarily for? Are they for you to sell your product to some one?

A. It's to help to sell the product.

Q. It's to help your customer to sell it; isn't that true?

A. To help to sell the product. I assume, of course—I ship these to my customers.

Q. The display cards, you mean?

A. Yes—my distributors, my jobbers.

Q. What are they supposed to do with them?

A. Distribute them where they sell hold-downs.

Q. You don't use them in order to induce your distributors to take your products, do you?

A. I try to sell my products. If display matter will [152] help me to sell my products, I will have display matter made up.

Q. But they don't constitute advertising to your distributors; they are to be used by your distributors, is that correct?

A. I hope so.

Q. Is it customary for your battery hold-downs to be sold in the containers in which they are shipped?

A. I think so.



(Deposition of Samuel J. Kraver.)

Q. Do any of your customers put them in their own boxes?      A. Might be.

Q. Well, do you know whether they do or not?

A. I haven't seen any, but I assume that we have some customers that do sell them in their own cartons.

Q. Would you say that the great majority of your customers sell your plastic battery hold-downs in the containers you supply?      A. Yes." [153]

\* \* \* \* \*

(Whereupon counsel resumed the reading of the deposition of Samuel Kraver as follows:)

"Q. The plastic that you use is the one that is described in Plaintiff's Exhibit 2?

A. I think that's the plastic that we use.

Q. All right. Now, am I correct in saying that neither you nor Gary did any chemical development on the plastic itself?

A. I think you are correct. This was developed all the way through by Bakelite.

Q. And you buy the product from Bakelite?

A. I don't think we do anything to it. I'm pretty sure we use the material exactly as is.

Q. Then you don't have any specifications?

A. I'll repeat: I think that we use this material exactly as is.

Q. Do you have any chemical data, development data, on this plastic?

A. Whatever data is on this piece of paper, I think. We asked Bakelite for that.

Q. That's all you have?      A. That's right.

(Deposition of Samuel J. Kraver.)

Q. Was this plastic specially developed for Gary and you, or was it one they just sell?

A. As I understand it, it was never developed for us. [169] It's something which they have on the market and have made for several years.

Q. How do you know that they have been making it for several years? I mean, is that a guess, or do you know?

A. I don't think it's a guess. I think Gary was informed as much.

Q. This is what Gary told you had been told them?

The Witness: (To Mr. Halle) Doesn't Bakelite mention it there?

A. No, it's not mentioned. As I understand, Gary informed me—I don't know Bakelite at all—Gary informed me that this was a regular powder that Bakelite sells to various other people."

Mr. Halle: I now turn to page 23. Starting at the top of the page. This is with reference to color. The previous questions were with reference to the color of the steel frames, and the witness answered that he thought steel frames were in most cases black. The next question:

(Whereupon counsel resumed the reading of the deposition of Samuel Kraver as follows:)

"Q. Wouldn't that be the color the public is used to, then?

A. I prefer black, I prefer red. We have used red in the past, and so long as this is an item

(Deposition of Samuel J. Kraver.)

that will cost more [170] than a metal one, it's better to make it a different color. It's just better-looking, a better appearance.

Q. How about green or blue or yellow?

A. I've used red before.

Q. You mean on these spark plug items?

A. That's right. Another thing: Wire today, red wire, has become very popular. For years wire was always made in black. The last few years red has become popular. There is red wire that is made by Crescent Cable, Walker Cable, and other companies. Whereas years ago, wire was primarily made in black and made of rubber, the last few years plastic has become popular in wire. When plastic becomes popular, at one time it was black and then the last few years it has swung over to red.

So long as manufacturers were making plastic wire out of red, this was another reason for me to make the hold-down out of red." [171]

\* \* \* \* \*

"Q. I show you Plaintiff's Exhibits 24 and 25 for identification and ask you if you can identify them.

A. They are catalog sheets which my company has put out.

Q. I note that Exhibit 25 relates to an item called 'Drycaps'. A. Yes.

Q. I believe you testified that you produced those in red also? A. Yes.

Q. Could you produce a red one?

(Deposition of Samuel J. Kraver.)

A. Yes. [175]

Q. Will you produce a red one?

A. Yes. (Witness hands Drycap to Mr. Kirschenstein.)" [176]

\* \* \* \* \*

"Q. I show you Plaintiff's Exhibit 26 for identification and ask you if you can recognize it (handing to witness). A. Yes.

Q. What is it? A. A red 'Drycap'.

Q. Is this made by you now? A. Yes.

Q. I mean at the present. A. Yes.

Q. When did you start making the red one?

A. At the same time as I made black ones.

Q. Would you tell me when that was?

A. About two years ago, approximately.

Q. What percentage of the 'Drycaps' are red as opposed to black?

A. The majority are red."

Mr. Halle: That is all I have to read, your Honor.

At this time, your Honor, I offer the two exhibits, 25 and 26 for identification, in evidence.

The Court: They may be received.

The Clerk: Plaintiff's Exhibits 25 and 26 in evidence.

(The exhibits heretofore marked Plaintiff's Exhibits 25 and 26 were received in evidence.)

Mr. Halle: At this time I would also like to offer in evidence Defendant's Exhibit C for identification, which is a tear sheet that I showed the

first witness on the stand showing a steel frame with rubberized coating. I believe there will be no objection to that.

The Court: All right. It may be received. [178]

\* \* \* \* \*

Mr. Kirschstein: Starting on page 2:

(Whereupon counsel commenced the reading of the deposition of Rudolph Fritzhand as follows:)

RUDOLPH FRITZHAND

“Q. (By Mr. Kirschstein): Would you state your name, age and address, please?

A. Rudolph B. Fritzhand; home address, 75 Emerson Drive, Great Neck, New York; I am forty-one years old.

Q. Are you acquainted with defendant Gary Enterprises, Inc. in this case? [179]

A. Yes.

Q. Have you any connection with that company?

A. Yes.

Mr. Kirschstein: From now on, I will refer to that corporation as “Gary” for the sake of brevity.

Q. What is your connection with Gary?

A. I am president of the corporation.

Q. Is that a stock corporation? A. Yes.

Q. Are you the principal stockholder?

A. Yes.

Q. Are there other stockholders? A. Yes.

Q. Who are they?

A. Max Fritzhand and William Fritzhand.

Q. And you are the majority stockholder?

A. Yes.

(Deposition of Rudolph Fritzhand.)

Q. Are you a director? A. Yes.

Q. Would it be correct to say that you run Gary's business? A. Yes.

Q. What is the business of Gary?

A. We are custom injection-molders.

Q. Could you explain that a little better. [180]

A. We are contract injection-molders. We make plastic parts for the different manufacturers under contract.

Q. Do you use the parts after you have made them? A. No, we don't.

Q. Then if I understood you correctly, you make parts used in injection-molding; is that correct?

A. No, we injection-mold the parts.

Q. Oh, I see. You produce parts for manufacturers by injection-molding?

A. By injection-molding; that is correct.

Q. What do you use to produce these parts. Do you use dies and molds? A. That is right.

Q. Where do they come from?

A. Some we make; some we have bought on the outside.

Q. Are you familiar with the subject matter of this suit? A. Yes.

Q. You are familiar with the other defendant, Kravex Manufacturing Corp.? A. Yes.

Q. Do you make plastic battery hold-down frames? A. Yes.

Q. Whom do you make them for?

A. Kravex Manufacturing. [181]

Q. Do you make them for anyone else?



(Deposition of Rudolph Fritzhand.)

A. No.

Q. You make plastic battery hold-down frames for one corporation, to wit, Kravex?

A. That is right.

Q. Have you brought with you any samples of the plastic battery hold-downs you make?

A. No.

Q. Do you make any other type of battery hold-down than a plastic one?           A. No.

Q. Have you ever made any other type?

A. No.

Q. The one that you are talking about that you make for Kravex is the only battery hold-down you have ever made?           A. That is right.

Q. And are making now?

A. That is right.

Q. I show you Plaintiff's Exhibit No. 1 for identification, and ask you if you can recognize that.

A. Yes."

Mr. Kirschstein: Your Honor, that is Exhibit 3 in evidence in this case, an example of one of the frames sold [182] by the defendant.

Mr. Caughey: I think the judge has seen that before.

The Court: Which is that?

The Clerk: I will get it for you. It is Exhibit 3 in evidence.

Mr. Caughey: That is one made by Gary.

The Court: All right.

Is this one of the accused devices?

(Deposition of Rudolph Fritzhand.)

Mr. Kirschstein: Yes, your Honor.

(Whereupon counsel resumed the reading of the deposition of Rudolph Fritzhand as follows:)

“Q. What is it?

A. It is a battery hold-down.

Q. Do you know who made it?

A. It is similar to the one that I make.

Q. Is there any way that you can identify it as the one that you make?

A. I think it is the one I make. I don't believe anybody else is making it. There is no way that I can really identify it.

Mr. Kirschstein: Off the record.

(Discussion off the record.)

Q. I show you Plaintiff's Exhibit No. 3 for identification, and ask you if you know what that is.

A. It is a battery hold-down.”

The Clerk: That is our Exhibit No. 4 in evidence.

(Whereupon counsel resumed the reading of the deposition of Rudolph Fritzhand as follows:)

“Q. Could that be one made by you?

A. No.

Q. How can you tell?

A. Well, I can tell by the contour of the piece itself. On all ours we have a round part on top here (indicating).

(Deposition of Rudolph Fritzhand.)

Q. And Plaintiff's Exhibit No. 3 doesn't have it?

A. No.

Q. Is that the only way you can tell?

A. Well, I know I didn't make any with Van Brode's name on it.

Mr. Kirschstein: I see. Off the record.

(Discussion off the record.)

Q. Do you make different types of these plastic battery hold-downs?

A. I would say they are all the same type, but different sizes.

Q. They are the same in all respects but size?

A. That is right, size, and the location of the holes.

Q. And by "holes," you refer to these things at the [184] side of Plaintiff's Exhibit 1?

A. That is right.

Q. What are those holes for?

A. To clamp the battery hold-downs on top of the battery.

Q. How long have you been making plastic battery hold-downs for Kravex?

A. About four months.

Q. How did you get into the manufacture of them?

A. Kravex came to me and asked me to make them.

Q. Do you use molds or dies? A. Yes.

Q. Which? Do you use both?

A. We use molds.

Q. The technical word is "molds"?

(Deposition of Rudolph Fritzhand.)

A. That is right.

Q. Did you have to make the molds for these hold-downs? A. Yes.

Q. How is that done? How are the molds made?

A. By steel, you make the molds, cut them out.

Q. How did you know what shape to make the molds, what size, and so on?

A. Mr. Kraver brought us the different sizes he wanted made. [185]

Q. What exactly did he bring?

A. The metal frames.

Q. He brought you the sizes as exemplified by metal frames? A. Yes.

Q. Did he bring you any plastic frame?

A. Not to make the sizes. He brought me a plastic frame to show me the type of material he didn't want to use.

Q. Did he bring you a plastic frame?

A. Yes.

Q. And whose was that?

A. I believe it was Van Brode's.

Q. Who actually handed you the plastic frame?

A. Mr. Kraver.

Q. Mr. Samuel J. Kraver?

A. Sam Kraver—I don't know his middle initial.

Q. The president of Kravex Manufacturing Corp.? A. I believe so.

Mr. Kirschstein: Off the record.

(Discussion off the record.)

Q. What instructions or comments did Mr.

(Deposition of Rudolph Fritzhand.)

Kraver make to you at the time he gave you the plastic frame?

A. He had mentioned to me that there was a patent on the material that this hold-down was being made of, and he didn't want to use the same material. [186]

Q. I see. So what did he tell you to do?

A. He wanted me to find a material that would be non-corrosive and stand up under the heat of the battery.

Q. Did you have anything to do with the development of the material you were to use for your frames?           A. No.

Q. How did you get hold of the material?

A. I contacted different manufacturers.

Q. And what were the requisites of the material? I mean, what characteristics, physical characteristics, did it have to have to satisfy you?

A. Non-corrosive, and the highest melt index.

Q. What is the highest melt index?

A. On this, here, I believe it was about 174 degrees, 177 degrees, I don't recall.

Q. Fahrenheit or Centigrade?

A. Fahrenheit.

Q. You mean it shouldn't melt below that?

A. Yes.

Q. How about its tensile strength, and so on?

A. That was considered also. We selected the material with the highest tensile strength.

Q. So that it would hold its shape?

A. Yes.

(Deposition of Rudolph Fritzhand.)

Q. How about its ability to insulate? It would have [187] to be an insulating plastic, wouldn't it?

A. I don't recall.

Q. What about breakability?

A. Well, that would be the tensile strength.

Q. These physical characteristics—were they explained to you by Mr. Kraver, that that was what he wanted the frame to have as far as its physical characteristics were concerned?

A. He didn't give me any definite physical characteristics. He just wanted a material that would stand up under the heat and be practically unbreakable, and keep its shape. He was mostly concerned with the high heat index and the unbreakability.

Q. Are you fairly familiar with the chemical composition and characteristics of plastics?

A. No.

Q. What is the extent of your knowledge in that field? You know something about plastics, don't you?

A. Yes.

Q. How long have you been working with plastics?

A. Twelve years.

Q. Are you familiar with the different types of plastics made?

A. Yes.

Q. And are you familiar with their different physical [188] properties?

A. To a certain extent.

Q. Well, then you explained to these various manufacturers you were contacting what type of plastic you wanted; is that correct?



(Deposition of Rudolph Fritzhand.)

A. I told them what I wanted the material for, and they came out with the material.

Q. Where do you get your material from?

A. Bakelite.

Q. Is that the only place?

A. No — Dow Chemical, Monsanto, Tennessee Eastman, Celanese.

Q. I am talking about the battery hold-down. Do you get it from all of these concerns?

A. No; I only get it from Bakelite.

Q. Bakelite is the only supplier of the material for the battery hold-down?

A. That is right.

Q. What is the material that comes from Bakelite?      A. I believe it is TMD-2155.

Mr. Kirschstein: Off the record.

(Discussion off the record.)

Q. Do you know offhand the chemical composition of TMD-2155?      A. No. [189]

Q. I will show you Plaintiff's Exhibit 2 for identification and ask you if you have ever seen that letter before (handing document to witness)."

The Clerk: That is Defendant's Exhibit I here.

(Whereupon counsel resumed the reading of the deposition of Rudolph Fritzhand as follows:)

"A. Yes, I believe I got a copy of this here.

Q. Let me ask you this. Does your knowledge of the composition of the plastic you use for the bat-

(Deposition of Rudolph Fritzhand.)

tery hold-downs exceed what is written in that letter? A. No.

Q. You couldn't tell me anything more than that? A. No.

Q. Do you have any records or drawings or development reports on the material that you use?

A. Only the things that are published by Bakelite.

Q. You just have Bakelite's material?

A. That is right, just their publications.

Q. You had nothing to do with the development of the plastic? A. Nothing whatsoever.

Mr. Halle: Off the record.

(Discussion off the record.)

Q. Is the plastic that you use for these hold-downs [190] the only one you could use?

A. No, I believe we could use another one. I believe Dow Chemical has one that is similar to this here. I don't know what the physical contents are, but I believe it is similar.

Q. Are there other plastics which you could use which have the physical characteristics you want?

A. I believe so, I believe Dow Chemical has one.

Q. Does Bakelite have any others?

A. I don't know.

Q. Did you select anything from Bakelite, or did they just send you something in response to your definition of what you wanted?

A. Well, we discussed the material and they suggested that this would be the best for it.

Q. Who discussed the material?

(Deposition of Rudolph Fritzhand.)

A. One of the employees of Bakelite.

Q. With whom?           A. With me.

Q. Who was the employee of Bakelite?

A. I think it was Mr. Sherman.

Q. Mr. Sherman. Is he at their New York office?

A. Yes.

Q. You discussed what you wanted the material for, and he suggested the one you are using?

A. Yes. [191]

Q. Is that the only one you have ever used?

A. Yes.

Q. You have always used the same plastic from the beginning for these battery hold-downs?

A. That is right.

Q. How does that plastic come to you?

A. In drums.

Q. In what form?           A. In pellets.

Q. What color are the pellets?

A. Red. It comes in all colors.

Q. The plastic comes in all colors?

A. Yes. You can select any color you wish.

Q. How is it you selected red?

A. I didn't select it.

Q. Who selected it?

A. Kravex Manufacturing.

Q. They told you they wanted red?

A. That is right.

Q. Who told you that?           A. Mr. Kraver.

Q. Did you ever analyze the sample plastic battery hold-down given you by Mr. Kraver?

A. No.

(Deposition of Rudolph Fritzhand.)

Q. To see what it was made of? [192]

A. No.

Q. Did you ever give it to Bakelite to analyze?

A. No.

Q. Did you ever give it to anyone to analyze?

A. No.

Q. Do you know what it is made of?

A. No.

Q. How did it help you avoid infringing the patent? A. What?

Q. The plastic hold-down you were given.

A. Well, we had a copy of the patent.

Q. You explained before that you were given a sample by Mr. Kraver of plaintiff's plastic battery hold-down to make sure you wouldn't make one out of the same composition theirs was made of.

A. Yes.

Q. I am saying, how did that sample help you avoid that?

A. The sample didn't help me at all. The patent helped me.

Q. He gave you a copy of the patent?

A. Yes.

Q. The sample did not serve the purpose you mentioned of preventing you from making one of the same plastic; is [193] that correct?

A. From using the same material.

Q. It did not help you do that?

A. No, but the patent did, the patent number. We got the patent, and we told Bakelite what the patent was.

(Deposition of Rudolph Fritzhand.)

Q. When did you get the patent?

A. I don't know exactly when. I really don't.

Q. Did you get it before you got the plastic sample, or after?

A. I really don't recollect.

Q. Was it around that time?

A. About that time, yes.

Q. Did you send the patent to Bakelite?

A. No, but I discussed it with their man.

Q. Did you ever give Bakelite the patent number?      A. I believe I did.

Q. Do you know whether they ordered a copy of the patent?      A. I don't know.

Q. But you discussed the patent?      A. Yes.

Q. Did you read the patent?      A. Yes.

Q. You understand patents?

A. To a certain extent. A layman's understanding. [194]

Q. Do you understand sufficiently to know what plastic is referred to in it?      A. Yes.

Q. Does the plastic you use, or that you want to use, for plastic battery hold-downs have to be a polystyrene plastic?      A. Not necessarily.

Q. Does it have to be a butadiene plastic?

A. Not necessarily.

Q. Does it have to be a combination of butadiene and polystyrene co-polymers?

A. I don't know whether it necessarily has to be or not.

Q. Are there entirely different plastics which

(Deposition of Rudolph Fritzhand.)

could serve your purposes, that would have the appropriate characteristics?

A. I imagine there are.

Q. Well, you say you imagine: do you know or don't you?

A. I don't know definitely.

Q. You have had experience in this field for twelve years. On the basis of that experience——

A. I have never used anything for that purpose before, so I don't know. But I believe there are other materials that could be used. [195]

Q. What type of plastics have you worked with up to now?

A. Butyrate, acetate, styrene.

Q. Didn't you have to make any plastics——

A. (Interposing) Not for battery hold-downs.

Q. Didn't you have to make any that had non-corrosive attributes? A. No.

Q. What have you made before?

A. We made various items.

Q. What?

The Witness: Do I have to answer that?"

Mr. Kirschstein: The witness was directed not to answer these questions.

The Court: He is not here so if he didn't answer them——

Mr. Kirschstein: I am going now to page 20, line 15.

(Whereupon counsel resumed the reading of



(Deposition of Rudolph Fritzhand.)

the deposition of Rudolph Fritzhand, as follows:)

“Q. Have any of the other items you have made before the plastic hold-down been required to have noncorrosive attributes? A. No.

Q. Do they have to have high tensile strength, any of [196] them, as high a tensile strength as the hold-down? A. No.

Q. They are all entirely different plastic articles? A. I would say yes.

Q. Did you ever make any plastic articles for the automotive field? A. Yes.

Q. What? A. We have made “Drycaps.”

Q. What is a “Drycap”?

A. That’s made out of vinyl.

Q. But what is it?

A. It’s something that fits over a spark plug.

Q. It goes over a spark plug? Doesn’t that have to be noncorrosive?

A. Well, it’s a completely different material. It’s a vinyl material.

Q. How did you know that the plastic you were getting from Bakelite — if you knew — did not infringe the patent?

A. Only what they told me. Only what Bakelite told me.

Q. They told you it didn’t infringe?

A. That is right.

Q. Who at Bakelite told you that?

A. Mr. Sherman.

(Deposition of Rudolph Fritzhand.)

Q. Do you know his position there, by any chance? [197]

A. I think he is a technical adviser.

Q. Do you know his first name? A. No.

Q. Could you find out his first name? Do you have any correspondence which would show his first name?

A. I believe we have, or else I could call him and find out.

Mr. Kirschstein: I would like the witness to ascertain the first name of Mr. Sherman of Bakelite."

The Court: I think he signed that letter.

Mr. Kirschstein: That was Dr. Whittaker who signed that letter.

(Whereupon counsel resumed the reading of the deposition of Rudolph Fritzhand as follows:)

"Q. When you get the material from Bakelite that you use for these plastic battery hold-downs, do you modify it in any way? Do you add anything to it? A. No.

Q. What do you do with it?

A. What we do with it?

Q. Yes.

A. We put it on machines and we mold it.

Q. How is that done? Is it heated, or what?

A. It is the heat of the machine. [198]

Q. In other words, you just take what you get from them and use it? A. That is right.

(Deposition of Rudolph Fritzhand.)

Q. Were there any manufacturing problems that you encountered in making these plastic battery hold-downs?

A. I don't understand what you mean.

Q. You were given, I believe, metal hold-downs.

A. Yes.

Q. And you were to make a plastic one like that; is that right? A. That is right.

Q. Were there any problems in developing the molds for that? A. No.

Q. Aren't the plastic hold-downs of different shape from the metal hold-downs?

A. Very little variation.

Q. Well, is there any variation?

A. There may be a slight variation, because Mr. Kraver wanted to incorporate different sizes.

Q. How did you design the mold, then?

A. How the mold was designed? We would take two or three of the same size and try to find the locations — where we had similar locations for the pins, for the holes, and consolidate them. [199]

Q. Was the plastic sample you were given used in designing the molds? A. No.

Q. That was not used at all in designing the molds? A. No.

Q. In no respect whatsoever?

A. None that I know of.

Q. Then according to your testimony, the plastic sample you were given served no purpose whatsoever, did it?

(Deposition of Rudolph Fritzhand.)

A. Except for the patent number that it had on it.

Q. He gave you the plastic hold-down sample so you could tell the patent number from it?

A. That is right.

Q. He hadn't told you the patent number, before he gave you the sample, on the telephone, or anything?

A. No, not that I recall. I don't know, I don't remember.

Q. Now, taking Plaintiff's Exhibits 1 and 3 for identification, would you show me any differences in construction, if any, that you can find?

(Witness examined two exhibits.)"

The Clerk: 1 and 3 are Plaintiff's Exhibits 3 and 4. [200]

(Whereupon counsel resumed the reading of the deposition of Rudolph Fritzhand as follows:)

"A. The thickness is different.

Q. Of the side walls, you are speaking of?

A. All the walls, I believe, are heavier.

Q. Are all of the plastic hold-downs that you make of the same wall thickness?

A. I would say most of them are.

Q. Are they all?

A. I don't recall offhand.

Q. You don't know?

A. I don't know offhand. I would say they are

(Deposition of Rudolph Fritzhand.)

uniform. I think we try to keep them as uniform as we can."

Mr. Kirschstein: I am skipping to the last question on the page now.

(Whereupon counsel resumed the reading of the deposition of Rudolph Fritzhand as follows:)

"Q. Are you still making these frames?

A. As we get orders.

Q. As you get orders? A. Yes.

Q. Well, don't you get orders for all the different sizes at one time? A. No." [201]

Mr. Kirschstein: I am skipping the colloquy to the next question.

(Whereupon counsel resumed the reading of the deposition of Rudolph Fritzhand as follows:)

"Q. You say you met with no designing or manufacturing problems; is that correct?

A. Well, the normal amount that you run into in any job.

Mr. Halle: Off the record.

(Discussion off the record.)

Q. Outside of the wall thicknesses, do you find any other difference between Exhibits 1 and 3 for identification? A. Well, a different size.

Q. Anything else?

(Deposition of Rudolph Fritzhand.)

A. I don't believe so.

Q. Are the plaintiff's hold-downs constructed the same as the metal ones?

A. As far as size is concerned?

Q. No, I mean as far as construction is concerned.

A. I don't understand.

Q. Do you know how the metal battery hold-downs are made?

A. How they are made?

Q. Yes.

A. I don't know how they are made. [202]

Q. Do you know what they look like?

A. I know what they look like.

Q. Do they look to be of the same construction as the plastic ones?

A. It is similar, but they are much thinner. The shape is the same.

Q. How about the side parts with the holes in them on Plaintiff's Exhibit 1 — does the metal one have parts like that?

A. I don't know what you mean.

Q. The protuberances I am pointing to here (indicating).

A. I believe some of them do, some of them don't. You don't need as much material in the metal as you do in plastic.

Q. Now you say the composition that you use for the plastic hold-downs has never been changed?

A. No."

Mr. Kirschstein: Your Honor, I don't want to read this part, but we asked this party to produce



(Deposition of Rudolph Fritzhand.)

his manufacturing drawings, and he refused to produce them, and a motion was made to compel him to produce them and the motion was denied with respect to that.

I say that so I don't have to read the pages.

The Court: All right. Just state for the record [203] why those were not read. All right.

Mr. Kirschstein: Page 43, which is in the continuation of this witness' deposition on November 15th, 1957.

(Whereupon counsel resumed the reading of the deposition of Rudolph Fritzhand as follows:)

"Q. Mr. Fritzhand, you are still under oath. Are you the same Rudolph Fritzhand who appeared on August 30 for defendant Gary Enterprises, Inc.?"

A. Yes.

Q. Have you produced the plastic battery hold-down frame which you mentioned in your deposition was given by Mr. Kraver to you as a sample of plaintiff's manufacture? A. Yes.

Mr. Kirschstein: Will you mark this Plaintiff's Exhibit 30 for identification.

The Clerk: 30 is now marked as our Exhibit 29.

The Court: It may be received.

The Clerk: It is in evidence.

(Whereupon counsel resumed the reading of the deposition of Rudolph Fritzhand as follows:)

(Deposition of Rudolph Fritzhand.)

“Q. Now I show you Plaintiff’s Exhibit 30 and ask you to identify it (handing to witness).

A. Yes, sir.

Q. This is the frame you were referring to on pages 8 [204] and 9 of your deposition as being the example of plaintiff’s manufacture that was furnished to you? A. Yes.

Q. And this is the one you were talking about subsequently? A. Yes.”

\* \* \* \* \*

“Q. Who designed the molds for the plastic battery hold-down frame that you made—and by “you” I mean Gary.

A. I don’t know what you mean.

Q. Who made them?

A. Who made the molds?

Q. Yes.

A. We did—Gary Enterprises.

Q. When you make a mold isn’t there a drawing laid out, or something to make it from?

A. Yes.

Q. Who laid out the drawing?

A. My engineer.

Q. Who was he? [205]

A. Mr. Marcus.” [206]

\* \* \* \* \*

Mr. Kirschstein: Your Honor, in lieu of reading a deposition, we have on oral stipulation.

The Court: All right.

Mr. Kirschstein: It is stipulated between the parties hereto that defendant Cox has sold and sells

the Kravex frame, the accused frame herein subsequent to the issue date of the suit patent, that notice was given to this defendant of plaintiff's contentions herein by letter dated May 24, 1957, which was received several days after its date.

Mr. Halle: It is so stipulated, your Honor.

The Court: What is the relationship of Cox to the plaintiff?

Mr. Kirschstein: It is a customer, your Honor.

The Court: Just a distributor?

Mr. Kirschstein: Yes.

The Court: All right.

Mr. Kirschstein: I offer Plaintiff's Exhibit 53 for identification in evidence.

The Clerk: This is offered in evidence, your Honor.

Mr. Halle: Your Honor, Cox is not a distributor of Kravex; it is merely a customer of Kravex. They buy frames from Kravex and resell them.

The Court: All right. [207]

\* \* \* \* \*

### ISADOR MILLER

called as a witness by and on behalf of the plaintiff, having been first duly sworn, was examined and testified as follows:

The Clerk: What is your full name?

The Witness: Isador Miller. I-s-a-d-o-r M-i-l-l-e-r.

### Direct Examination

Q. (By Mr. Kirschstein): Will you state your address, Mr. Miller?

(Testimony of Isador Miller.)

A. I live at 211 West 106th Street, New York City.

Q. Your age? A. 67.

Q. What is your present occupation?

A. I am a consulting chemist.

Q. Are you with any particular laboratory, or do you have one?

A. I am with the W. M. Grosvenor Laboratories in New York City.

Q. Will you state your educational background?

A. I graduated from the College of the City of New York in 1910 with a degree of Bachelor of Science, and after that I took post-graduate work in chemical subjects at Columbia University from time to time, but never for the purposes of getting a higher degree.

Q. Was the Bachelor of Science in chemistry?

A. At the time that I went to C.C.N.Y., the degree was not issued in that way, but I specialized in chemical work in all my electives.

Q. Would you trace your occupation since graduation?

A. When I graduated college I went to work for the U. S. Army Powder Works at Picatinny Arsenal, New Jersey. I stayed there for approximately two years and left as the result of an explosion, injury to myself, and when I went back into work, by that time the first World War had started. I went to work for the Aetna Explosives Company at their picric acid plant in Emporium, Pennsylvania.

At the arsenal my work started in as a laboratory

(Testimony of Isador Miller.)

assistant, but before I had left I had arrived at the classification of a chemist who specialized particularly in the work on the development of high explosives, which were organic, nitration compounds. At Aetna I was chief chemist at the picric acid plant in charge of all the work for the manufacture of picric acid, as well as for the work on the manufacture of nitric acid and the concentration of sulfuric acid for our affiliated [213] plant, which was down the line, which was one of the Aetna plants for making smokeless powder.

The Aetna Explosives Company later was absorbed by Hercules Powder Company.

After I left Aetna for about two years I was in various phases of the manufacture of dyestuffs, organic dyestuffs, that is. This was a new industry at that time. As well as work on manufacture of acid.

And then in 1916 I went to work for Dr. Grosvenor, who was the founder of the W. M. Grosvenor Laboratories. I stayed with him until 1920. My work there was in laboratory work in preparing with him or for him his work in connection with patent cases, as well as process and product improvement and development.

After 1920 for a period of about 12 years I was in business for myself as a consulting chemist in lines of paints, lacquers, acids, organic chemicals.

In 1932 I went back into the employ of Dr. Grosvenor and have remained with the organization ever since.

When I first went back there I was put in charge

(Testimony of Isador Miller.)

of all the laboratory work on the staff, and our work was primarily at that time along the same lines as the work that I had done with him and for him previously.

Beginning about 20 years ago our laboratory started to specialize more in the application of plastics, utilization [214] of plastics, the manufacture of materials associated with plastics, and until 1944 when Dr. Grosvenor died I was an employee of the laboratory.

At his death his son and I continued the business as partners, and we remained partners until 1950 when I bought out his son's and the family's interest in the laboratories, and I have remained as sole owner since then.

My work, as I said before, in the last 20 years, has been primarily in the plastic and lacquer and paint and varnish fields. I have designed, installed, and operated plants in the plastic field.

Among the patents that have been issued to me are two patents in the plastic field, and as late as last year I engineered — designed and engineered and installed a plant for the manufacture of plasticizers, which has a capacity and is now operating very nicely — has a capacity of approximately 10 million pounds per year.

Q. Did you do any work in connection with a Banbury mixer?

A. I pioneered in the use of a Banbury mixer in the plastic industry, and one of the patents issued to me, which I say was in the plastics field, was a pat-



(Testimony of Isador Miller.)

ent for the use of the Banbury in making certain types of molding powders.

Q. Did you have any position with the government in World War I years? [215]

A. Not during World War I. During World War II I was a member of the Industry Committee for the Cellulose Acetate Molding Powder Industry in Washington.

The Court: We had some Bramberry patents involved in the Everlube case. Do you remember which patent?

The Witness: I have a copy of my patent, your Honor. Unfortunately, when I left New York I did not have a soft copy.

The Court: I can tell from the opinion which one was involved there. That was a paint spray.

The Witness: I don't believe my patent was involved in that case, unless it was cited, but this is a copy of my patent, U. S. 2,351,866.

The Court: Is that Bramberry?

The Witness: No. Banbury, B-a-n-b-u-r-y.

The Court: I merely wanted to know if it was a patent with which I am familiar.

We had a Bramberry patent 2,534,406, which involved a paint spray.

The Witness: Your Honor, I should like to ask if in accordance with my testimony I come across names, may I stop to spell them out?

The Court: Yes. The reporter appreciates that. Go ahead.

(Testimony of Isador Miller.)

Q. (By Mr. Kirschstein): Have you testified in patent [216] cases before? A. I have.

Q. Are you a member of any societies?

A. The American Chemical Society, the Chemists Club, and the American Institute of Chemists.

Q. Are you familiar with the suit patent?

A. I am.

Q. Are you familiar with the product known as polystyrene? A. I am.

Q. And its uses and physical characteristics?

A. I am.

Q. Would you describe those, please?

A. Polystyrene is a synthetic resin which is hard, glassy; its chief characteristic from the standpoint of use is the fact that it is thermoplastic, which means that it can be changed in form under heat and pressure, and in its uses it always remains a thermoplastic material.

Q. Have you noted in the patent the patentee's pointing out of disadvantages of plain polystyrene for the purposes of his article? A. I have.

Q. Do you agree with his statement of the disadvantages of ordinary polystyrene?

A. I do. [217]

Q. Could you illustrate these disadvantages?

A. I requested counsel to have some hold-down frames made from polystyrene, and I also brought with me one or two gadgets that I made from polystyrene, which I think will illustrate it to the court, if I may be permitted to do so.

The Court: All right.

(Testimony of Isador Miller.)

The Witness: I have here a dish which I took out of my own kitchen which we use for butter, and you will notice if I press it together it crushes and breaks. This dish is made of polystyrene.

The Court: Now, wait a minute. Before you go on, let's identify this as something.

The Clerk: That will be Plaintiff's Exhibit No. 64, your Honor, what is left of it.

The Court: The gentleman still has a good grip.

The Witness: In spite of my age.

Mr. Caughey: Judge, he has virility.

The Witness: I also, as I say, at my request—I asked counsel to have some hold-down frames made for me from polystyrene, and I have such a frame in my hand.

The Court: We will give that a number.

What do you want to tell us about it? It has that triangle in the corners.

The Witness: It is a little larger than Exhibit 29. [218]

The Clerk: This will be Plaintiff's Exhibit No. 65, your Honor.

(The exhibit referred to was marked as Plaintiff's Exhibit No. 65 for identification.)

The Witness: It is a polystyrene hold-down frame.

The Court: Go ahead.

The Witness: I have another one here. One can be kept as the exhibit and one can be kept for my purposes. I wish to break this.

The Court: All right. Go ahead and tell us.

(Testimony of Isador Miller.)

The Clerk: 66 will be the broken one.

The Court: All I want is to identify it. Proceed with the examination.

(The exhibit referred to was marked as Plaintiff's Exhibit No. 66 for identification.)

The Witness: I broke it by dropping it on the floor, and it is now broken into three parts.

The Court: You broke it by bending it?

The Witness: Yes. It breaks with a clean fracture, your Honor, without any bend to it.

Incidentally, the piece shows the physical characteristics of polystyrene as a clear transparent resin, which is used as a cheap substitute for glass for certain purposes.

Q. (By Mr. Kirschstein): Mr. Miller, will you state [219] the general categories of plastics that were available in 1950 and 1951?

A. Well, the main categories of plastics available at that time were, first, the phenolics, which historically I would call the second largest class of plastics, celluloid having been the first—the phenolics, the urea formaldehydes. Both of those are thermosetting materials. There were the celluloses, there were vinyls, there were the acrylics, and methacrylates, which is one class for my purposes. There was polyethylene, and there was polystyrene. That gives us about seven classes of common plastics available in 1950-51.

Q. Were any of those suitable, in your opinion, for the patentee's purposes?

(Testimony of Isador Miller.)

A. None of those would have made a satisfactory hold-down frame.

Q. When you say that, I take it you have reference to the characteristics set forth in the patent as necessary?

A. I have reference to the desired qualities as stated in the patent.

Q. Can you demonstrate what you say with respect to polyethylene?      A. Yes.

Mr. Kirschstein: Let me have these marked.

The Clerk: A battery hold-down frame, [220] Plaintiff's exhibit for identification No. 67.

(The exhibit referred to was marked Plaintiff's Exhibit No. 67 for identification.)

Mr. Kirschstein: Your Honor, this is a polyethylene frame that I have made at the request of Mr. Miller.

The Witness: This is a duplicate of it, your Honor.

The Court: Go ahead.

Q. (By Mr. Kirschstein): Would you demonstrate?

A. This frame I would not expect to be able to break over my knee, but (demonstrating).

The Court: You can bend it?

The Witness: Yes.

The Court: Like rubber?

The Witness: Yes. It has no rigidity, no structural strength, your Honor.

The Clerk: There has been marked for identifi-



(Testimony of Isador Miller.)

cation, your Honor, a vessel as Plaintiff's Exhibit No. 68.

(The exhibit referred to was marked Plaintiff's Exhibit No. 68 for identification.)

Q. (By Mr. Kirschstein): Where did this vessel come from, Mr. Miller? A. My ice box.

Q. What is it?

A. It is a vessel exactly similar to the polystyrene vessel—— [221]

The Clerk: Which has been marked 64.

A. (Continuing) ——but it is made of polyethylene.

Q. (By Mr. Kirschstein): Would you show its characteristics?

A. This vessel will just squeeze and will not break. It shows the same type of elasticity that I have demonstrated in the polyethylene hold-down frame.

Q. With respect to the other plastics that you mentioned, would you point out why they would be unsuitable for the patentee's purposes?

A. The first two classes, the phenolics and the urea formaldehydes would be too rigid and therefore unsuitable for the purpose.

In addition to that, the ureas would not stand up under exposure to the electrolyte, the sulfuric acid in the electrolyte.

The celluloseics and the vinyls in use would contain plasticizers which would reduce their dielectric properties and make them unsuitable for the pur-



(Testimony of Isador Miller.)

pose, even if a cellulose acetate frame could be made to have considerable structural strength.

The methacrylate class would also not have the necessary flexibility or rigidity for the purpose, and that would leave only the last two classes which I have demonstrated to be unsuitable by and for themselves. [222]

Q. You have been talking about the years '50, '51, and before then; is that correct?

A. I am trying to throw myself back to that period because of course it is sometimes very difficult to eliminate from your mind what you know at the present time as against what you knew at the time of a given action.

Q. What are the characteristics that the patentee required for his plastic frames?

A. The patentee required a material which would have sufficient building strength to maintain its form and rigidity in use on the battery. It would also have to be non-corrosive so that it would not be subject to attack by the electrolytes. It would have to be substantially a non-conductor so that it would not leak current. It would also have to have a sufficient amount of flexibility and toughness so that it would stay down when clamped down on the battery.

And in addition to that it would have to be made of a material which would neither stick in the mold nor would it adhere to the battery casing itself.

Q. What is——

A. There was one other property, and that is

(Testimony of Isador Miller.)

heat resistance. The material would have to have sufficient heat resistance and a sufficient heat, what shall I call it—a low degree of heat change during use, so that it would not distort under the heat to which it might be subjected in an [223] ordinary automobile.

Q. What is the plastic that the patent discloses for the plastic frames?

A. The patent discloses a modified polystyrene.

Q. What is the modifying material?

A. The modifying material is a Buna S with a high styrene content.

Q. Are you familiar with the term Buna S?

A. I am.

Q. What is a Buna S?

A. Buna S is the general class name that is given to a class of co-polymers which are used as synthetic rubbers, primarily used as synthetic rubbers to replace natural rubber.

Q. What is the origin of the term?

A. The term goes back to the days just before and during the first World War when the Germans, German chemists, developed a synthetic rubber which was made from a substituted butadiene, and in their work on this material they had used the element sodium and the German word for sodium is natrium, and our symbol for sodium is the same as the Latin—is Na, so the name Buna rubber stems from B-u for Butadiene and N-a for sodium. At the present time our synthetic rubbers are not

(Testimony of Isador Miller.)

made with the use of sodium, but the term has still remained in the art.

Q. Where does the "S" come from? [224]

A. The "S" stands for styrene, because the type of synthetic co-polymer which was developed and used in this country during the war years—I am speaking now of World War II—was a co-polymer of butadiene and styrene, in which the styrene acts as a modifying agent for the butadiene.

Q. Are you familiar with the term "GR-S"?

A. I am.

Q. What does that refer to?

A. GR-S is the designation of government rubber styrene. G stands for government, R stands for rubber, S stands for styrene.

Q. Where did this term come from?

A. When the last war broke out the government agencies, of course, realized that one of the great deficiencies in our war supplies would be rubber, since all of the natural rubber had to come from overseas, and one of the first things that was done in Washington on the outbreak of the war was the organization of the Rubber Division of the Reconstruction Finance Corporation to proceed with a program to manufacture synthetic rubber as a replacement for natural rubber.

Q. Do I understand that the production of synthetic rubber was under government control?

A. The production of synthetic rubber was under government control until the last two or three years

(Testimony of Isador Miller.)

ago when the Reconstruction Finance Corporation came to an end. [225]

Q. Is there a standard GR-S?

A. There is a standard GR-S, which is the all-purpose replacement.

Q. For what? A. For natural rubber.

Q. Do you know the composition of standard GR-S?

A. Standard GR-S is a butadiene styrene co-polymer which is made from approximately 75 per cent of butadiene and 25 per cent of styrene.

Q. Can you illustrate that statement with any standard articles or books?

A. I have with me photostats of articles which have appeared from time to time and which give the composition of the butadiene styrene co-polymers.

The Court: Just produce one copy for the exhibit.

The Clerk: There have been marked for identification three publications or articles as Plaintiff's Exhibits 69, 70, and 71.

(The exhibits referred to were marked Plaintiff's Exhibits 69, 70, and 71 for identification.)

The Clerk: There has also been marked for identification Plaintiff's Exhibit 72, another publication.

(The exhibit referred to was marked Plaintiff's Exhibit No. 72 for identification.)

The Witness: Your Honor, may I step down and pick [226] out one of my books?

The Court: Certainly.

(Testimony of Isador Miller.)

I think we will probably gain time if we recess now and you gather your materials.

Evidently your examination is going to be extensive, and if you just hand the exhibit to the clerk to be identified, then we will continue your testimony until this afternoon. You go and get the material that you want identified by the clerk.

The Clerk: I see, your Honor.

The Court: Right now.

Have you identified the exhibits as to which you are going to testify?

The Clerk: In addition there is also Plaintiff's Exhibit No. 73 marked for identification.

(The exhibit referred to was marked Plaintiff's Exhibit No. 73 for identification.)

The Court: Have you identified enough now?

The Witness: I have identified enough to answer this question.

The Court: Is this a good stopping point?

Mr. Kirschstein: It is all right with me, your Honor.

The Court: Incidentally, I want to call your attention to the fact that in a recent opinion that I wrote we have [227] three words that you are using—polymerization, thermosetting compositions, and thermoplastic.

I want you to look at these during the recess and tell me, when you are using the words, if you are using them in this sense.

These definitions are taken from various diction-



(Testimony of Isador Miller.)

aries, including Chambers Technological Dictionary. So I will know if you are talking about something that I have had defined before.

The Witness: Thank you, your Honor. I will do that.

The Court: Recess until 2:00 o'clock.

(Thereupon, at 11:50 o'clock a.m., a recess was taken to 2:00 o'clock p.m.) [228]

March 26, 1958, 2:00 o'clock, p.m.

The Clerk: All parties are present, your Honor.

The Court: All right.

The Clerk: At this time the plaintiffs have marked for identification their Exhibits 74 and 75.

(The exhibits referred to were marked as Plaintiff's Exhibits 74 and 75 for identification.)

### ISADOR MILLER

the witness on the stand at the time of recess, having been heretofore duly sworn, was examined and testified further as follows:

#### Direct Examination (Resumed)

Q. (By Mr. Kirschstein): Did you want to mention about the definitions?

A. The definitions?

Q. That his Honor showed you.

The Witness: Your Honor, as far as we are concerned, those definitions are perfect.

The Court: We are in a different field. That was not in the field of plastics. We were talking about emulsions and liquids and I wanted to know if the words "polymerization" and "thermoplastic" and



(Testimony of Isador Miller.)

“thermosetting” are used in this branch in the same manner. [229]

The Witness: Yes.

Q. (By Mr. Kirschstein): Will you proceed to illustrate that?

A. In the July 1944 issue of The Summary of Data on Synthetic Rubber, issued by The Rubber Manufacturers Association, in order to acquaint the general public with the definition of terms in this art, on page 13 the statement is made——

The Clerk: This is Plaintiff's Exhibit 72.

A. (Continuing) ——Buna S is made from butadiene, about 75 per cent, and styrene about 25 per cent. Chemically, a co-polymer of butadiene,  $C_4H_6$ , and styrene,  $C_6H_5.C_2H_3$ .

That is one reference.

In the 1947 edition of Specifications for Government Synthetic Rubbers, issued by the Reconstruction Finance Corporation, Office of Rubber Reserves, Exhibit No. 70, on page 2, at the top of the page, a section marked Section A-1-a, title GR-S, reads as follows:

“GR-S is a co-polymer of butadiene and styrene to which approximately 1.25 per cent of a standard rubber antioxidant has been added during manufacture. Of the hydrocarbon present in GR-S, approximately 23.5 per cent by weight is derived from styrene.”

In the Vanderbilt Rubber Handbook, which is Exhibit 69, in the 1948 edition, on page 45, there is a table of comparison of copies of the various syn-

(Testimony of Isador Miller.)

thetic rubbers, and one of [230] the rubbers listed is GR-S standard 71/29 butadiene styrene.

And finally in the 1942 handbook, the Vanderbilt Handbook, on page 165, there is the statement:

“The term ‘Buna S’ includes a considerable group of elastomers, and the following comments refer to a co-polymer of 75 per cent butadiene and 25 per cent styrene.”

At this point, your Honor, I wish to say that the Vanderbilt Handbooks are recognized as standard in the rubber industry.

Mr. Kirschstein: I don't think this was marked.

The Witness: That was not marked.

The Court: If all you want is that statement which he has read into the record, there is no use to bring the book in. It is already in the record. There is no use to have a lot of physical exhibits that merely take a page or something like that of a statement. Just identify the title and when published.

Mr. Kirschstein: Vanderbilt Rubber Handbook, Eighth Edition, 1942, edited by J. M. Ball, B-a-l-l, published by R. T. Vanderbilt Co., 230 Park Avenue, New York, New York, copyright 1942, R. T. Vanderbilt Co., New York, New York, all rights reserved.

Q. (By Mr. Kirschstein): Are the other references that you talked about authoritative, also?

A. The reference I gave to the government [231] specifications, 1947 edition, is of course an official government publication of the Rubber Reserve Cor-

(Testimony of Isador Miller.)

poration, which controlled the manufacture of all the synthetic rubber from 1941 up through two or three years ago.

Q. How about the Rubber Manufacturers——

A. The Rubber Manufacturers Association is considered as an official publication of the Associated Rubber Manufacturers of the United States, and they issue bulletins of this sort from time to time in order to arrive at common definitions, as well as facts in the industry, which are quasi-official.

Q. Are there other synthetic rubbers than standard GR-S?      A. There are.

Q. Can you identify some of them?

A. There are synthetic rubbers which contain different amounts of styrene in proportion to the amount of butadiene.

Also, I will say at this point, although the products do not refer to us, there are synthetic rubbers which are combinations of butadiene with other polymerizable materials.

Q. So there are GR-S's with different styrene contents than 25 per cent?

A. All GR-S's are rubbers which contain styrene, and [232] the content varies from 25 per cent to other figures.

The Court: And the styrene, as I gather, is the element that when subjected to heat gives it durability, is that it? Or is it the other way?

The Witness: In the way in which you say it, your Honor, if I may say so, it is not quite correct.

The styrene modifies the property of the butadi-

(Testimony of Isador Miller.)

ene, but the styrenes in the butadiene are not there as individual chemical entities, they are in chemical combination, and they cannot be separated physically.

The Court: A combination of the two results in giving us something solid and not breakable?

The Witness: That is correct.

The Court: Such as you have demonstrated by having a pure styrene object constructed and showing they are neither malleable nor breakable, is that correct?

The Witness: That leads me into something that is, I don't think, quite correct in that way.

The Court: By the word "malleable," I meant——

The Witness: They had nothing to do——

The Court: ——which you could twist like a rubber band. That is what I meant by "malleable."

The Witness: Yes, Your Honor, but that is not rubber. That object is not rubber.

The Court: What was that object? [233]

The Witness: It was a polyethelene compound.

The Court: All right.

The Witness: The styrene is a material which in combination with the butadiene plasticizes the butadiene to give it the properties similar to those of a natural rubber

The Court: All right.

And that combination has been known to chemistry for how long?

(Testimony of Isador Miller.)

The Witness: Since approximately 1939, 1940, perhaps 1938.

The Court: And the names that you use are accepted in the chemical industry as names by which you recognize these materials; they are not coined names?

The Witness: They are names which are recognized, but they are not coined by me.

The Court: They are not the type of names which would be subject to a trademark?

The Witness: No, sir. They are material names and they are not subject to a trademark.

The Court: That is what I wanted to bring out. All right.

To illustrate, to go to another field——

The Witness: The word "kodak," for example, it is an artificial name which is now accepted to mean a camera.

Mr. Caughey: I think you would be likely to get an [234] awful lot of argument from the owners of the Kodak Company.

The Court: What I am trying to get at is the terminology with which we are dealing is generally accepted in the art as designating a certain object, is that correct?

The Witness: I believe that is correct, your Honor. That is correct, your Honor.

Mr. Caughey: May your Honor please, I think they do the same thing in this art as they do in the medical art. In the medical art when you have a new product or new compound you submit it to



(Testimony of Isador Miller.)

the AMA, and they give it a name, which may be a coined name, but even though it is a coined name it is the name of the product, because ordinarily the name is so long that they can't use it.

In this art they do the same thing. They submit—It may be a long chemical name, and they submit it to an organization who gives the product a name.

The Court: We had that in the case that was just dismissed from appeal, G.D. Searle vs. Institutional Drug Distributors, where they had a chemical known to the pharmaceutical art, medical art, by a certain name. It is used to avoid seasickness.

The Clerk: Drammamine.

The Court: The word is "Drammamine." The Drammamine, however, is a trade name adopted by Searle for this product, and it has gotten into popular use to such an [235] extent that if you saw the play No Place for Sergeants, you would find that the General in that last very funny scene asked where the Drammamine was.

I departed from the topic merely to have an understanding of the terms.

I believe as the pattern in front of me changes, I want to be certain of the terminology, as we go from one thing to another, and that is why I asked the witness if he uses the words he used this morning as I used them in another case.

So I wanted to know whether these chemicals which he was talking about were designated by the name by which they are known in the trade.

All right. Let's go from there.



(Testimony of Isador Miller.)

Q. (By Mr. Kirschstein): In other words, there are GR-S's with a styrene content higher than that of standard GR-S and lower than that of standard GR-S? A. Yes.

Q. GR-S that is made of butadiene and styrene is Buna S, is it not?

A. That is the standard Buna-S.

Q. What are these GR-S's with styrene contents higher than and lower than that of standard GR-S used for, just generally?

A. They are rubbers which would be used for a special [236] purpose. For example, a Buna S with a higher styrene content might be used to modify the properties of ordinary rubber, and it could be used, the ones with the lower properties—I, myself, for example, have used a 5 to 10 per cent styrene rubber for the purpose of modifying asphalt to make it suitable for use in making airplane runways.

The Court: Let me ask you this question: When you speak of higher and lower, is that used in conjunction with what is known as a standard mixture?

The Witness: That is the common understanding of the word higher.

The Court: What would a standard mixture be?

The Witness: Approximately 25 per cent styrene.

The Court: So anything above that would be higher, or would it?

The Witness: Substantially, the statement is correct, except that—

(Testimony of Isador Miller.)

The Court: I am not trying to get into an argument with you; I am just trying to understand the terms. One of the important things in this patent is the meaning of the word "higher." I want to know, according to your knowledge in the particular industry, whether a word like that is usually interpreted with relation to a standard or not. Otherwise it would be rather nebulous. Higher than what?

The Witness: It is related to the standard rubber, [237] which is 25 per cent styrene.

The Court: All right.

Q. (By Mr. Kirschstein): Would you state the Buna S's with styrene contents higher than the standard in 1947?

A. In 1947 there was one Buna S with a styrene content higher than standard GR-S rubber and that had a content of 43 per cent of combined styrene.

Q. Do you have any reference that illustrates that?

A. I have the reference of the United States Government specifications for the year 1947 to which I referred before, and I believe the clerk has the copy of that.

The Clerk: Plaintiff's Exhibit 70.

The Witness: Page 13 of this exhibit under the designation GR-S 40 AC, the description is given: "Of the hydrocarbon present, approximately 43 per cent by weight is derived from styrene."

Q. (By Mr. Kirschstein): Does the term Buna

(Testimony of Isador Miller.)

S with a high styrene content have a meaning in the plastics and rubber art?

A. It refers to the available rubbers with a content of styrene higher than that of a standard GR-S.

Q. So the one you just referred to would be one such, is that correct?

A. The one I referred to is such a rubber.

Q. In 1951 what Buna S's with high styrene content were [238] known then?

A. In 1951 there was a Buna S known with a content which is stated in the literature to be 50 per cent, but which actually refers to this 40 AC——

Q. 50 per cent styrene?

A. I beg your pardon. With a styrene content of 50 per cent, in other words it was a 50-50 mixture, but it actually refers to the 40 AC. And there was also known at that time at least one rubber with a styrene content higher than 50 per cent, namely, co-polymer 3 of the Dewey and Almy Company.

Q. Were there any others known then?

A. In 1951 there was probably a 35 per cent styrene content rubber known.

Q. Would that be a Buna S with a high styrene?

A. That would be a Buna S with a high styrene content.

Q. Would you refer to the references substantiating your statements for 1951?

(Testimony of Isador Miller.)

A. In 1951 the references which give the Buna S content of these higher styrene rubbers are in an article in the *Modern Plastics* for 1950.

Q. Do you have anything else?

A. And then I have the references to the content in 1947, and the references to content in 1948 and 1952.

Q. What is the reference in 1948? [239]

A. The reference in 1948 is a *Vanderbilt Handbook*, Ninth Edition, for 1948, which gives the composition of various rubbers known at that time.

Q. Would you show his Honor the part that you are referring to there that has these different contents?

Mr. Proujansky: May I ask, your Honor, that in addition to showing it to your Honor, the witness repeat it aloud?

The Court: Yes, certainly. This is part of an exhibit. This is 69. He is reading from Exhibit for identification No. 69, so he refers to the page, and——

The Witness: We are introducing the entire exhibit.

The Court: They intend to introduce the entire exhibit. You are referring to page 43 of that exhibit, are you?

The Witness: I am referring to page 42, particularly.

On page 42 there is given here, for example——

The Court: You read it so counsel can hear it.

The Witness: On page 42 of that exhibit under

(Testimony of Isador Miller.)

the general heading of Regular Polymers, there is stated a polymer with a butadiene content of 65 per cent and a styrene content of 35 per cent.

Q. (By Mr. Kirschstein): Do you find on that page a [240] Buna S with a low styrene content?

A. On that page is also given a butadiene 95 per cent, styrene 5 per cent.

Q. Would you refer to page 45, please?

A. On page 45 we have a list of rubbers, which includes a 50-50 butadiene-styrene rubber, a 65-35 butadiene-styrene rubber, and a 95-5 per cent styrene rubber, as well as standard GR-S with 71-29 per cent butadiene styrene.

Q. Would you read the material on the right-hand column?

A. On the right-hand column under the general title "Monomers (Charge Ratio)," the heading of the column is "Results Imparted." The title is "Higher Styrene," and the words are eliminated, but I will read the contents.

"Higher styrene gives higher tensile, modulus, and hardness. Easier breakdown, more thermoplastic, smoother. Less shrinkage. Good in hard rubber and extruded goods. Higher freeze point than GR-S standard."

Q. Go on.

A. It continues, "High Butadiene." In other words, low styrene, poor processing, lower physical properties, lower freeze point.

Q. What Buna S with a styrene content was known in 1952?

(Testimony of Isador Miller.)

A. In 1952 we had butadiene styrene rubber with a [241] 42-44 per cent styrene content, and at least one butadiene styrene rubber with a 70 per cent styrene content.

Q. Do you have a reference that substantiates what you say for 1952?

A. The reference is the government specifications for the year.

Q. What exhibit is that?

A. That is Exhibit No. 71.

Q. What page of Exhibit 71 does the specification for standard GR-S occur on?

A. The specification for standard GR-S occurs in this exhibit, if it please your Honor. The pages are not numbered. They are designated by title.

The Court: All right.

The Witness: GR-S 1000, which is the standard GR-S, it gives the composition as bound styrene 22½ to 24½ per cent. [242]

Q. On what page did you find the 42 to 44 per cent styrene?

A. GR-S No. 1013, bound styrene 42 to 44 per cent.

The date of each of those pages is 10-1-52.

Q. Can you find any specifications for rubbers with low styrene content?

A. GR-S No. 1015, bound styrene 2.5 to 4.5 per cent. GR-S No. 1023.

Q. What is the bound styrene in 1023?

A. Bound styrene 12.0 to 14.0 per cent. And GR-S Nos. 1500, 1501, and 1502: 1500, 19.0 to 21.0



(Testimony of Isador Miller.)

per cent. 1501, 19.0 to 21 per cent. 1502, 19.0 to 21 per cent.

The Court: I gather that the industry from time to time as they were making experiments were changing the amounts, without changing the component elements, so as to arrive at more satisfactory products——

The Witness: For given purposes.

The Court: For different purposes, is that correct?

The Witness: That is correct, your Honor.

I will also call your attention, your Honor, to the fact that in order for any manufacturer to make any of these different products he had to obtain permission from the Rubber Reserve Corporation.

Nobody was permitted to make any rubber that he [243] wished to make.

The Court: That is during the war years?

The Witness: Afterwards, also. Up to about two or three years ago. As long as the Rubber Reserve Corporation was in existence and controlled the industry. It is now free.

The Court: They even sold——

The Witness: Within the last two years all the plants have been sold with the exception of one.

The Court: They sold the plants where they were raising a particular rubber-producing plant.

The Witness: All the plants with the exception of one were sold.

The Court: That is in keeping with the manner in which we liquidate properties after the war.

(Testimony of Isador Miller.)

Q. (By Mr. Kirschstein): I hand you Plaintiff's Exhibit 63 and ask you to read it.

A. I have read the first portion of it.

Q. I refer you to paragraph 2, which you will understand is the composition of the Kravex frame. Is a frame made of that material a plastic frame?

A. It is.

Q. And what is the plastic it is made of?

A. It is a modified polystyrene plastic, which the modifying agent is a Buna S with a high styrene content.

Q. What is the basis for saying that the polystyrene is [244] modified?

A. The statement in the stipulation which reads: "It is composed of a physical mixture consisting of a predominant amount of polystyrene, a minor amount of co-polymer of butadiene and styrene."

Q. What is the basis for saying the co-polymer is a Buna S with a high styrene content?

A. Reading from the stipulation in the same paragraph, it continues: "The co-polymer consists of butadiene in the range of 58 per cent to 62 per cent by weight and styrene in the range of 38 per cent to 42 per cent by weight."

Q. Have you had occasion to handle an example of the Kravex frames?      A. I have.

Q. Where did you get it from?

A. I obtained it from counsel.

Q. From me?      A. Yes, sir.

Q. Do you have the frame that you handled with you?      A. I have.

(Testimony of Isador Miller.)

Q. What exhibit is it?

A. This is Plaintiff's Exhibit No. 74 for identification.

Q. Did you do anything with it?

A. I took this frame and I placed it in a vise in an [245] attempt to bend it.

Q. Did you draw any conclusion from your efforts to bend it?

A. What I did exactly was I placed this frame on one side in the vise and bent it through an angle of 90 degrees, at which point I obtained a slight crack in the side which was being bent. I took it out and examined it and then placed the same side back in the vise and re-bent it, and the frame cracked both at the point of the bend and also along the side—at one corner, on one of the short sides near one of the corners. I then took the frame and placed the opposite side in the vise in order to bend it only once, to show the effect of bending it, and I bent this side through an angle of 90 degrees, and then it came back—that did not break on a single bend, but it came back to approximately an angle of 45 degrees.

Q. Did you try to bend it out of a vise?

A. I did. I could not do it.

Q. Did you try to break it out of a vise?

A. I did. I could not do it.

Q. Did you draw any conclusions as to the characteristics of the modified polystyrene in that frame as compared to plain polystyrene?

A. The polystyrene in that frame is vastly su-

(Testimony of Isador Miller.)

perior in its properties to general-purpose polystyrene.

Mr. Kirschstein: Would you mark this, please?

The Clerk: There has been marked for identification Plaintiff's Exhibit No. 76.

(The exhibit referred to was marked as Plaintiff's Exhibit No. 76 for identification.)

Q. (By Mr. Kirschstein): I show you Plaintiff's Exhibit No. 76 for identification and ask you if that contains any information regarding the properties of the plastic of which the Kravex frame is made?

A. These pages are not numbered, your Honor, but on the last page——

The Court: You can identify it.

The Witness: On the inside cover there is a table of properties of molding material TMD 2155, and a list of its properties.

The Court: I don't think you have identified where these pages come from.

Mr. Kirschstein: Your Honor, that is a brochure of the Bakelite Company, Exhibit 76.

The Court: Go ahead.

Q. (By Mr. Kirschstein): Mr. Miller, would you refer to paragraph 4-A of Exhibit 63, the stipulation, and read that, please?

A. I have read it.

Q. You will understand that this gives the composition of plastic battery hold-down frames made by the plaintiff at [247] one time. Were frames made of this material, plastic frames?

(Testimony of Isador Miller.)

A. They were.

Q. What was the composition of those plastic frames?

A. Reading from the stipulation, the frames were made from a physical mixture consisting of a predominant amount of polystyrene, a minor amount of a co-polymer known as Darex Co-polymer No. 3.

The Court: Darex is a trade name?

The Witness: Darex is a trade name of a product made by the Dewey and Almy Company.

Q. (By Mr. Kirschstein): What type of plastic is it?

A. This is a polystyrene modified by a Buna S with a high styrene content.

The Court: Dewey and Almy Chemical Company? Is that the same circular—no. It is referred to in the file wrapper. It is one of the exhibits—it is part of the file wrapper. I can't tell the paging.

Mr. Kirschstein: That circular, your Honor, is part of the file wrapper, and gives the composition of the Darex co-polymer No. 3.

The Court: That is what I say. I have read the file wrapper there and I find the reference to Darex co-polymer No. 3. The date of the particular circular is May 1949.

Is that the same circular?

The Witness: That is the same one. [248]

The Court: All right.

Q. (By Mr. Kirschstein): I take it your basis



(Testimony of Isador Miller.)

for the characterization of the material as polystyrene modified by the addition of Buna S with a high styrene content is the same as you spoke of before with respect to the Kravex frame?

A. It is the language of the stipulation which gives me the composition of co-polymer No. 3.

Q. In other words, the use of the word "predominant" and the physical mixture and the amounts of styrene and the co-polymer—is that correct?

A. That is correct.

Q. Now, would you look at paragraph 4-B, please?

The Court: You are still talking about the stipulation?

The Witness: I have read it.

Q. (By Mr. Kirschstein): You understand that shows the composition of plaintiff's frames at one time, also. Since it shows they were made of the same material that paragraph 2 shows the Kravex frame is made of, I take it your testimony would be the same with respect to that?

A. My testimony would be the same. It is made of a polystyrene modified with a Buna S of a high styrene content.

Q. Now, would you read paragraph c, please, 4c of the stipulation?

The Clerk: This is Plaintiff's Exhibit No. 63 for [249] identification and in evidence.

Mr. Kirschstein: Yes.

The Witness: I have read it.

Q. (By Mr. Kirschstein): You will understand



(Testimony of Isador Miller.)

that this gives the composition of Plaintiff's frame since about November 1952. Were frames made of this material, plastic frames?

A. They are.

Q. What is the plastic they are made of?

A. Modified polystyrene.

Q. And what is the polystyrene modified with?

A. Both of the ingredients which are mixed, each of them is a polystyrene mixed with a Buna S with a high styrene content.

Q. You say each of them. Why do you say each of them?

A. Because the stipulation says that the frame is manufactured and is composed of a physical mixture of Bakelite brand TMD 2155, and a material furnished by Monsanto Chemical Company. The last-mentioned composition is expressly designated as Lustrex Hi-Test 89.

Q. Now, the Bakelite brand TMD 2155 is the material that you have characterized before, is that correct?

A. That is correct.

Q. What is the Monsanto material?

A. The Monsanto material is composed of a physical mixture consisting of a predominant amount of polystyrene and a [250] minor amount of a co-polymer of butadiene and styrene. The co-polymer consists of butadiene in the range of 60 to 50 per cent by weight and styrene in the range of 40 to 50 per cent by weight.

Q. How would you describe that Monsanto material?

(Testimony of Isador Miller.)

A. The Monsanto material is a modified polystyrene modified by Buna S with a high styrene content.

Q. Have you had occasion to test Plaintiff's present frame in a manner similar to the Defendant's frame? A. I have.

Q. Were you able to break it yourself?

A. I was not. I have the frame here.

Q. That frame is what?

A. Is marked Plaintiff's Exhibit——

Q. 75? A. ——75 for identification.

The Court: The one I just looked at, is that the accused device?

The Witness: This one is the accused device.

The Court: This is the plaintiff's device that he tried to break, also, Exhibit 75.

Q. (By Mr. Kirschstein): I show you Plaintiff's Exhibit 73 for identification, which is a brochure showing the physical properties of the Monsanto material Lustrex Hi-Test 89, and ask you from that bulletin and from your experience with [251] the plaintiff's frame you came to any conclusion regarding the characteristics of the modified polystyrene.

A. The modified polystyrene has properties suitable for use in arriving at the properties desired in a plastic hold-down frame.

Q. You mean the properties set forth——

A. The properties set forth in the table of properties.

(Testimony of Isador Miller.)

Q. You are speaking now of the plaintiff's frame that is covered by paragraph 4c, is that correct?

A. Of the stipulation, that is correct.

Mr. Kirschstein: Plaintiff offers in evidence Exhibits 64 through 76 for identification.

The Court: They may be received.

(The exhibits referred to were received in evidence and marked as Plaintiff's Exhibits 64 through 76.)

Mr. Kirschstein: That is all.

The Court: I understand you have completed your direct examination now?

Mr. Kirschstein: Yes, sir.

The Court: Then we will take a short recess.

(Recess taken.)

The Clerk: All parties are present, your Honor. Isador Miller, heretofore sworn, resumes his testimony.

The Court: All right. [252]

### Cross Examination

Q. (By Mr. Halle): Mr. Miller, you testified about Buna S's. Is that what we have been talking about here today, different types of Buna S's, or should I put it this way, or a type of Buna S with varying amounts of styrene in it?

A. That is correct.

Q. You have also told us about the government regulations and specifications for GR-S.

A. That is correct.

(Testimony of Isador Miller.)

Q. What is the Buna S with the highest styrene content that you have told us about?

A. 70 per cent styrene.

Q. And what is that?

A. Darex Co-polymer No. 3.

Q. Is that the Darex Co-polymer No. 3 mentioned in the suit patent? A. It is.

Q. Do you know of any Buna S with a higher styrene content than that?

A. I know of Buna S with an 85 per cent content.

Q. What would that be?

A. That would be a Buna S with a high styrene content.

Q. Would it have a trade name?

A. It is one of the products made by Dewey and Almy. [253]

Q. Would that be Dewey and Almy X-34?

A. I don't know.

Q. Do you know of any other company that makes a Buna S with a high styrene content?

A. I know Goodrich puts out a Buna S with a high styrene content and I believe Dow also.

Q. Did you ever hear of a product called Pliolite S-3? A. I did.

Q. Do you know what the styrene content is in that? A. I do not.

Q. But in any event we have discussed today Buna S's with a high styrene content as high as 85 per cent; is that correct? A. Correct.

Q. I hand you Plaintiff's Exhibit 72 and ask you

(Testimony of Isador Miller.)

whether that was the exhibit from which you obtained information that some time in 1940, I believe you testified it was—was it 1942?

A. It was 1944.

Q. 1944, that a Buna S standard was 75 per cent butadiene to 25 per cent styrene; is that correct?

A. That is correct.

Q. Now, I also hand you—is that a government regulation, that paper I handed to you?

A. No, sir. [254]

Q. Who puts that out?

A. Rubber Manufacturers Association.

Q. Do you know where they get their information from? Do they get it direct from the government regulations? A. I would assume so.

Q. So that the source material for something like that would be a paper like Exhibit 70, which is issued by the Reconstruction Finance Corporation, effective January 1, 1947—would that be correct?

A. That would be correct?

Q. Now, I just handed you that Exhibit 70, and I ask you whether that contains the standards for the GR-S's for the year 1947. A. It does.

Q. Are you familiar with the exhibit?

A. I am.

Q. Have you studied it carefully?

A. I believe I have.

Q. Could you tell me the GR-S in that exhibit with the highest styrene content?

A. GR-S with the highest styrene content is No. 40 AC.

(Testimony of Isador Miller.)

Q. What is the styrene content?

A. 43 per cent by weight.

Q. Now, do you know of any other GR-S in the year 1947 that had a higher styrene content than 43 per cent by weight? [255]

A. I don't know when Dewey and Almy started to manufacture copolymer No. 3. This is the highest content that I know of for that year.

Q. Aside from the Dewey and Almy product that is mentioned in the patent, that is the highest styrene content that you know of that could have been obtained in 1947?

A. That was being manufactured in 1947.

Q. I hand you this other exhibit that you produced here today, Exhibit 71, which is the Reconstruction Finance Corporation specifications for government synthetic rubbers, October 1, 1952; do you know what the highest styrene content cited in that publication is?

A. 42 to 44 per cent.

Q. We have 42 to 44 per cent, and that is one per cent higher than the 43 per cent that was cited in 1947?

A. That is correct.

Q. Now, I want you to review in your mind the GR-S specifications that you are familiar with from the time the government started, which I would assume was at the beginning of World War II—am I correct?

A. That's right.

Q. —until 1952, and I want you to tell me if you know of a GR-S with a styrene content higher than 44 per cent. [256]



(Testimony of Isador Miller.)

A. There was a GR-S with a styrene content of 50 per cent available during those years.

Q. All right. Was there a GR-S with a styrene content higher than 50 per cent available at any time?

A. There was.

Q. When?

A. During the latter part of those years.

Q. And what was the percentage in that?

A. 70 per cent.

Q. Now, I want you to listen to the question very carefully. We are talking about a GR-S now, not a Buna S. What is a GR-S?

A. GR-S is government rubber styrene, butadiene-styrene co-polymer.

Q. And those standards are set by the government, are they not?

A. They are.

Q. I would like you to pick out from your exhibits the standards for 70 per cent GR-S, 70 per cent styrene.

A. They are not shown in these exhibits.

Q. Are they shown anywhere in Government specifications for a GR-S?

A. They are not shown for a GR-S.

Q. Of course not.

The highest GR-S shown is 50 per cent, is it not?

A. The highest GR-S shown in these government publications which I have presented is 50 per cent.

Q. And that is true for any government publication concerning a GR-S?

A. It is true for any government publication which I have seen.

(Testimony of Isador Miller.)

Q. I didn't hear you.

A. It is true for any government publication which I have seen during this year.

Q. Or that you have ever seen?

A. That I would not remember.

Q. You don't remember?      A. No.

Q. We are talking about relative terms here, about high styrene content, and it has got to be higher than something. Now, in the suit patent Mr. Coleman mentions a Buna S with a high styrene content. Is that the same as a GR-S with a high styrene content?

A. The term GR-S and Buna S are used interchangeably.

Q. They are used interchangeably?

A. They are used interchangeably in the trade.

Q. But there is no GR-S in government regulations that you know of higher than 50 per cent styrene?

A. There is no GR-S in any of these publications higher than GR-S. [258]

Q. Higher than 50 per cent?

A. Than 50 per cent, yes. [259]

\* \* \* \* \*

Q. (By Mr. Halle): I believe you testified that a major amount of polystyrene modified by a minor amount of a copolymer with 38 to 42 per cent styrene constituted a high styrene copolymer modifying polystyrene; is that correct?

A. I don't believe it is correctly stated as you stated it, Mr. Halle.

(Testimony of Isador Miller.)

Q. Well, let me ask you this: Do you believe that any copolymer of butadiene and styrene over 25 per cent is a high styrene copolymer? [262]

\* \* \* \* \*

The Witness: Insofar as that is an available material, I do.

Q. (By Mr. Halle): Well, is there an available material with 25 per cent styrene in it?

A. Not that I know of.

Q. Well, is there an available material with 29 per cent styrene in it?

A. Not that I know of.

Q. Is there an available material with 40 per cent styrene in it?

A. There is.

Q. Is there——

A. There is a material with a range between 38 and 42 per cent, so that certain lots of it could very well be 40 [263] per cent.

Q. You did say you didn't know of a material available with 29 per cent styrene in it?

A. I do not.

Q. I show you the exhibit you produced before, Exhibit 69, which is the handbook for 1948, I direct your attention to page 45, and where it says "GR-S Standard," does it not say 71/29 butadiene styrene?

A. It says 71/29 butadiene styrene, but that does not mean that the 29 per cent is the styrene content of that rubber.

Q. What does it mean?

A. It means that in the make-up of that rubber 29 per cent of styrene is permitted to the manufac-

(Testimony of Isador Miller.)

turer to put into the batch. But the batch never ends up with a 29 per cent styrene content. And during those years covered by this bulletin the permissible styrene content was  $23\frac{1}{2}$  or an average of  $22\frac{1}{2}$  to  $24\frac{1}{2}$  per cent.

Q. Do you know what the government principally needed the rubber for.

A. The rubber was being used as a replacement for natural rubber.

Q. For truck tires? A. For truck tires.

Q. And other rubber items needed for the war effort? [264]

A. And other rubber items.

Q. Do you know whether or not we are still under these rubber regulations today?

A. No, sir.

Q. We are not required to adhere to them at all?

A. No.

Q. Do you know whether or not there is still a standard for the rubber industry?

A. So-called 75-25 per cent is still a standard grade of all-purpose rubber.

Q. And is that in the rubber industry?

A. In the rubber industry.

Q. How about the plastics industry?

A. In the plastics industry?

Q. Yes, sir.

A. That is not true in the plastics industry.

Q. What is the standard in the plastics industry?

(Testimony of Isador Miller.)

Mr. Kirschstein: I object. The standard of what? I don't understand the question.

The Court: Standard combination such as he is talking about.

The Witness: May I answer?

The Court: Yes.

The Witness: There is no such thing.

Q. (By Mr. Halle): There is no standard in the plastics industry, is there? [265]

A. There is no standard for rubber, because rubber does not exist except as an aid to the plastics industry. But rubber is not in the plastics industry.

Q. I see. When we are using polystyrene modified by a co-polymer of a Buna S are we in the plastics industry or are we in the rubber industry?

A. We are in the plastics industry.

Q. What is the standard in the plastics industry? A. We have no standard. [266]

\* \* \* \* \*

Q. I show you a technical bulletin of the Dewey and Almy Company, which is part of Plaintiff's Exhibit 2, the file wrapper of the suit patent. Have you ever seen that bulletin before? A. I have.

Q. You note the date on it? [267]

A. May 1949.

Q. Would that indicate to you when Darex co-polymer No. 3 became available?

A. No, sir.

Q. Would it have been before that?

A. It might have?

(Testimony of Isador Miller.)

Q. Are you familiar with a publication by Whitby entitled Synthetic Rubber?

A. I have seen it.

Q. Is it a standard work in the rubber industry?

A. It is a standard work.

Q. Is it also a standard work in the plastics industry?

A. I don't think so.

Q. Doesn't it mention plastics?

A. I don't remember. I have a copy in my own library, but I haven't looked at it for a long time.

Q. Whether it is a standard work in the plastics industry, or not, is this a standard reference work that is considered by experts?

A. It is a standard reference work for rubber.

Q. For rubber, all right.

When you say "rubber," you also mean synthetic rubber, don't you?

A. I do.

Q. I am going to read from page 629 of the [268] Whitby publication. The title of the book is Synthetic Rubber. It is prepared under the auspices of the Division of Rubber Chemistry and Chemical Society, and the Editorial Board is headed by G. S. Whitby, Editor in Chief, published by John Wiley & Sons, Inc., New York, and I believe the copyright date is 1954. At the bottom of page 629 there is a sub-heading called "High Styrene Resins," and in the paragraph that follows, and I am going to go to the middle of page 630, the middle of the first paragraph on page 630:

"The first description of the properties and applications of a commercially available styrene-buta-



(Testimony of Isador Miller.)

diene resin (Pliolite S-3, a 15/85 butadiene-styrene co-polymer) was published in 1946 as the outgrowth of work by Borders, R. D. Juve, and Hess. Descriptions of other high styrene resins were subsequently made by Jones and Pratt, and Fox. General information on high styrene polymers was summarized by Winkelmann, Fordyce, and others."

Do you agree with the statement I just read?

A. I have no reason not to believe it.

Q. You have no reason not to believe it?

A. Not to believe it, yes.

Q. According to that statement, Pliolite S-3 is a 15/85 co-polymer, is that right?

A. It is designated there as a resin. It is a 15/85 co-polymer. [269]

Q. And that is a resin?                      A. It is a resin.

Q. And that means it has 85 per cent styrene in it?                      A. That is correct.

Q. And they say that is the first one that became commercially available?

A. That is right.

Q. And that was some time in 1946 that they wrote about it.

Is there any difference between a resin and a rubber?

A. There is.

Q. What is the difference, sir?

A. Difference in uses or properties?

Q. Well, can you have a rubber with 85 per cent styrene in it?

A. That is one of the peculiarities of the nomen-

(Testimony of Isador Miller.)

elature in the trade, that these high styrene co-polymers are known as rubbers, whereas strictly speaking if one wanted to be exact it would not be designated that way. But it is accepted in the trade that high styrene co-polymers are rubbers.

The Court: What would be your definition of a resin to contra-distinguish it from rubber?

The Witness: The properties, your Honor.

The Court: Supposing you were teaching a class [270] and you were asked to explain the word "resin"?

The Witness: In the first place, your Honor, a rubber must have some degree of elongation, and more important than that it must have the property of coming back; when you stretch it, it comes back. Resins do not have that property.

Q. (By Mr. Halle): The Darex co-polymer No. 3 that we were talking about with a 70 per cent styrene, is that a resin, too?

A. That is known in the trade as a Buna S with a high styrene content, and I am quite sure that Pliolite S-3, according to your reading of the text, is also a Buna S with a high styrene content, and to my mind would be an equivalent for certain purposes.

The Court: Equivalent of what?

The Witness: Darex No. 3.

Q. (By Mr. Halle): Now, would you kindly answer my question? I want to know whether Darex No. 3 is a resin.

(Testimony of Isador Miller.)

A. No, sir. Darex No. 3 is known in the trade as a Buna S with a high styrene content.

Q. Is that also true of Pliolite S-3?

A. Yes, sir.

Q. Did you refer to Pliolite S-3 a few minutes ago as a resin?      A. I did not. [271]

Q. I misunderstood, but I thought you did.

A. I don't believe I did. If I did, I didn't mean to.

Q. I asked you whether a co-polymer with a styrene content of 85 per cent of butadiene-styrene co-polymer, with a styrene content of 85 per cent, was a resin.

A. I believe I said that a co-polymer of butadiene and styrene with a high content of styrene is still called a—or with a content equal to 85 per cent of styrene, is still known in the trade as a Buna S with a high styrene content.

Q. Well, do some people call it a resin?

A. I do not know.

Q. Is there such a thing as a synthetic rubber resin?      A. Yes, sir.

Q. And would Darex No. 3 be synthetic rubber resin?      A. No, sir.

Q. Well, what is a synthetic rubber resin?

A. When one speaks of a synthetic rubber resin one refers entirely to the hydrocarbon; not to the product which may contain a certain ratio of material.

Q. Let's get back to what a resin is.

Did you define a resin for us before?

(Testimony of Isador Miller.)

A. I defined a resin as distinguished from a rubber. The term "rubber" is a class term as well as a specific term. Complex organic compounds are very frequently grouped as resins, but that is a very loose way of using the term, and it [272] is used in the same way as, for example, the term "alcohol" is a class name, but most people when they speak of alcohol speak of ethyl alcohol.

The Court: Let's stop for a minute, as long as we had the witness agree to some definitions which I used before. Let's see if we can't agree on the definition of resins, synthetic resins, as are contained in the same dictionary, Chambers Dictionary.

Do you recognize this small dictionary? This is Chambers.

The Witness: I do.

The Court: I have turned it to the word "resin." Will you read the definition there, resin chemistry? I have a clip at the next one which gives synthetic resin.

The Witness: (Reading) "Resin. The product from the secretion of the sap of certain plants and trees. Resins are hard, fusible and more or less brittle, insoluble in water, soluble in certain organic solvents. They consist of resinous matter, that is, certain highly polymerized acids and neutral substances mixed with terpene derivatives. See also rosin and synthetic resins."

The Court: Now, turn to the next page where I put the clip, and I have got synthetic resins there, and read those definitions.

(Testimony of Isador Miller.)

The Witness: "Synthetic resins. Resinous [273] compounds made from synthetic materials, as by the condensation or polymerization of phenol and formaldehyde, formaldehyde and urea, glycerol and phthalic anhydride, polymides, vinyl derivatives, et cetera.

"Synthetic resin"—shall I continue?

The Court: No, you don't need to.

All right.

Does that give us a start?

The Witness: That gives us a start.

I would subscribe to both of those definitions.

Q. (By Mr. Halle): Whitby, which I read from before, maybe I became confused or maybe you did. I started reading a chapter called—not a chapter, a sub-chapter called "High Styrene Resins," that is the sub-heading on page 629, and then I turned to page 630 of that first paragraph and I read about Pliolite S-3, and I believe I then asked you if Pliolite S-3 was a resin, and you said it was a resin.

A. According to the definition of Whitby it is a resin.

Q. Can we have the same material under different definitions?

A. Whitby is trying to distinguish there between a quasi or a semi-scientific definition, and I define the material with 85 polystyrene resin as a commercial definition.

Q. As a commercial definition?

A. As a commercial definition. [274]



(Testimony of Isador Miller.)

Q. What is your commercial definition, then?

A. Copolymer of butadiene and styrene with a content of 85 per cent combined styrene is a high styrene Buna S.

The Court: Could a change of percentages change a resin into what would be a rubber?

The Witness: No, your Honor. But I am speaking of commercial practice.

The Dewey and Almy bulletin, for example, is a bulletin entitled Dewey and Almy Copolymer No. 3, and starts off——

The Court: Is that the one counsel showed you?

The Witness: Yes.

I will show you my copy, which is easier to read, and I think it may be easier for your Honor.

The Court: Go ahead.

The Witness: Paragraph 2 of that bulletin says——

The Court: Wait a minute. Let's see if we have the same one.

The Witness: The first paragraph starts, "One of the first"——

The Court: That's right.

The Witness: The second paragraph starts "Darex Copolymer No. 3 is an elastic type of synthetic rubber resin made by copolymerizing butadiene and styrene to produce a Buna S with a high styrene content." [275]

The Court: In other words, you object to the use of the word "rubber" and you would call that a resin and not a rubber; is that it?



(Testimony of Isador Miller.)

The Witness: That is correct, your Honor.

The Court: And you say in the trade they combine the two to designate something that couldn't be called rubber in pure chemical terms, is that the idea?

The Witness: That is correct, that is exactly my position, your Honor.

The Court: All right.

Mr. Halle: Let me see if I can understand that.

Q. Did I understand you to say, sir—

The Court: Have you this one in front of you?

Maybe you had better look at this. The reason is they use both words, rubber and resin. He says that rubber is improperly used because it is a resin.

The Witness: No. Resin is improperly used. No. Rubber is improperly used.

The Court: Because this is a resin?

The Witness: That is correct.

The Clerk: There has been marked for identification Defendant's Exhibit J.

The Court: All right. Maybe you can throw some light on something.

(The exhibit referred to was marked as Defendant's Exhibit J for identification.) [276]

Q. (By Mr. Halle): With this start, would you tell us scientifically the highest amount of styrene in a copolymer that you would call rubber, as distinguished from a resin?

A. I cannot answer that question, Mr. Halle.

Q. Should I specify a copolymer of butadiene and styrene?

(Testimony of Isador Miller.)

A. That is not the reason I cannot answer that question.

I cannot answer your question because you asked me for a scientific definition.

Q. Well, I will reframe it. You said that you felt that these things should not be called rubbers, because they were really resins, and the use of the term "rubber" and "resin" was a loose use of terminology. Where would you draw the dividing line?

A. The dividing line is in the question of properties. These materials with the high styrene content which are known in the trade as rubbers have rubber properties. They are elastic, they can be vulcanized, and in fact they have to be vulcanized in order to be used by themselves. They are true rubbers in property.

Q. I wish you would try to answer my question.

The Court: He is trying to answer. Let him finish. He is explaining why in his opinion they have some of the qualities of rubber but they are not chemically speaking rubber.

Isn't that what you are trying to tell us?

The Witness: That is correct, your Honor. [277]

The Court: Let him finish.

The Witness: They should be classified as rubbers, because they have the properties and the uses of rubber.

Q. (By Mr. Halle): Then in this Exhibit J where they call them rubber and resins, the use of the term "resin" is incorrect, is that it?

A. The use of the term "resin" is a loose term,

(Testimony of Isador Miller.)

and "resin" is a class name that certainly would apply generally to these materials. Because, for example, in natural rubber you speak of hydrocarbon resin, and that is not a mixture.

The Court: Would it be proper to say that a resin might have the qualities of rubber, and the reverse not be true?

The Witness: If you take the definition in Chambers, the definition in Chambers where he speaks of resin refers to rosin, materials like copal, kauri, and materials of that nature which are natural products which result from the exudation from a tree or insect life and are hardened material, which nature hardens by itself after the material is taken from the natural environment, in his definition of synthetic resins he has given definitions of materials which are made by a reaction between two or more chemical compounds. He has not in any way covered the type of product which is in synthetic rubber.

The Court: All right. [278]

Q. (By Mr. Halle): Are you familiar with a publication known as Modern Plastics Engineering Handbook?

A. I am. That is an old title.

Q. What? A. That is an old title.

Q. I have some pages here from the 1956 edition. I am sorry I don't have the whole book with me.

The Clerk: There has been marked for identification, your Honor, Defendant's Exhibit K.

(Testimony of Isador Miller.)

Q. (By Mr. Halle): I am going to read from page 157 of the publication that I quoted. The article is called: Synthetic Rubber and Rubber Derivatives, by Donald S. Black, and down here in the middle of the page there is a sub-title Butadiene-Styrene Copolymer, and I read:

“The most common and widely used of the synthetic rubbers today is the copolymer of butadiene and styrene—GR-S (government rubber styrene).

“Butadiene and styrene are reacted in a range of ratios between virtually 100 per cent butadiene to 50 per cent butadiene/50 per cent styrene. With products containing higher levels of styrene the polymer takes the form of a resin rather than an elastomer. This allows a wide range of finished products with varied physical characteristics.”

Do you agree with that statement, sir? [279]

A. Certainly not.

Q. What is wrong with it?

A. I would rather not say from memory. If you will let me have the publication, I will read it to you.

The Court: Let him take a look. He has a visual memory.

The Witness: Mr. Halle, will you show me what you read?

Mr. Halle: Starting over here, I read, “The most common,” down to “characteristics.”

The Witness: The statement “With products containing higher levels of styrene the polymer

(Testimony of Isador Miller.)

takes the form of a resin rather than an elastomer” is a statement with which I cannot agree.

Q. (By Mr. Halle): Sir, that is a relative statement, is it not?

A. Not to me. That is a definite statement which I do not agree with.

Q. Could we say that a resin is less elastic than an elastomer? A. No, sir.

Q. Is it more elastic?

A. It is not elastic.

Q. It is not elastic at all?

A. A resin is not elastic. [280]

Q. It is non-deformable, non-resilient?

A. It hasn't got the property of elongation and coming back.

Q. An elastomer has the property of elongation and coming back? A. Yes.

Q. Isn't it true as you add the styrene content to a copolymer of butadiene and styrene, that it becomes less of an elastomer?

A. Will you say that again, please?

Mr. Halle: Would you repeat the question?

The Court: Read the question, Mr. Goldstein.

(Question read by the reporter.)

The Witness: In comparison to what?

Q. (By Mr. Halle): Well, now, you gave us a standard of 75/25. Let's use your standard.

A. It has not got the properties of a 75/25—

Q. Let's not get confused. Let's start with your standard. We are starting with the 75/25. Is that an elastomer? A. It is.



(Testimony of Isador Miller.)

Q. I believe you said there was a 60/40 GR-S, is that correct?

A. Substantially correct.

Q. Is that less of an elastomer than the 75/25?

A. No, sir. It isn't an elastomer—it has less elastic properties, but it still by definition is an elastomer.

Q. You are quite right, both are elastomers, but one is more elastic than the other? A. Yes.

Q. The one with the lower styrene content is more elastic than the one with the higher styrene content? A. That is correct.

Q. When do we reach the point where there is no elasticity by adding styrene to the copolymer?

A. When you have 100 per cent styrene.

Q. And supposing you have 90 per cent styrene?

A. I would not know.

Q. Let's say you have 85 per cent styrene.

A. You still have an elastomer.

Q. Let's compare 85 per cent styrene to 25 per cent styrene; is there a vast difference between those two products?

A. In elasticity, yes. There may not be in other properties.

Q. Isn't it a fact that in general 50 per cent styrene is considered the limit of a useful product for elasticity?

A. I don't agree with that statement.

Q. Are there some people who do agree with that statement? [282]

A. I don't know. I don't agree with it.



(Testimony of Isador Miller.)

Q. What do you call ordinary synthetic rubber?

A. Ordinary synthetic rubber is GR-S.

Q. What is the top limit of GR-S?

A. The top limit of GR-S?

Q. Yes.

A. Is known as roughly speaking 50 per cent, according to the government bulletin.

Q. Do you know of any other top limit in your vast experience?

A. I have not seen any publication which gives any other top limit.

Q. So far as you know, 50 per cent is the top limit for the GR-S?

A. As far as I have seen it in the publications.

Q. And as far as you know?

A. As far as I have seen it in publications.

Q. From your knowledge. I am asking you from your knowledge.

A. I do not know of any rubber—any GR-S higher than 50 per cent styrene.

Q. That's right. As far as you know, there is no rubber GR-S higher than with 50 per cent—

A. There is no GR-S; not rubber GR-S.

Q. I will withdraw that question. [283]

I want to clarify things; not confuse them.

As far as you know, there is no GR-S with a styrene content of higher than 50 per cent?

A. That is correct.

Q. Could it be that high styrene content means higher than 50 per cent, to distinguish these new high styrene resins from GR-S?

(Testimony of Isador Miller.)

A. Not in my opinion.

Q. I didn't hear your answer.

A. Not in my opinion.

Q. Not in your opinion? A. No, sir. [284]

\* \* \* \* \*

Q. (By Mr. Halle): Do you know of any publication that sets a standard of a high standard styrene content? A. I believe so.

Q. Are you referring to the Vanderbilt book of 1948? A. I certainly am.

Q. Now, you show me the standard for high styrene content. Probably on page 45 of that exhibit.

The Clerk: That is 69.

The Witness: On page 45 of that exhibit he describes the change in properties as the styrene content of the rubbers vary, and starts off——

Q. (By Mr. Halle): Let's not use the term loosely. What are we talking about, rubber or GR-S?

I am talking about Buna S rubbers. What are you talking about?

The Court: He is reading. He is identifying the page. [285]

Q. (By Mr. Halle): I am sorry. What does it say at the top of that page?

A. It says "Effect of procedure and material on properties of GR-S."

Q. GR-S? A. That's right.

Q. Now, would you read the standard, please?

A. The standard is 71/29, given here, butadiene-styrene.

(Testimony of Isador Miller.)

Q. And that is for GR-S?

A. That is given as the standard GR-S.

Q. Now, I want to know the standard for a high styrene content of a butadiene-styrene copolymer. Does that book give such a standard?

A. It mentions one high styrene rubber.

Q. Well, it is a fact, sir, that there are butadiene-styrene copolymers that are outside of the range of GR-S, is that not a fact?

A. Not that I know of.

The Court: Did you intend to designate something else? You started to answer the question directly.

The Witness: He mentions here a 50-50 butadiene-styrene and a 65/35 butadiene-styrene.

The Court: On what page does he mention that?

The Witness: The same page, page 45 that we are talking about. [286]

Q. (By Mr. Halle): Is that what you give as a standard for a high styrene content in a copolymer?

A. No, sir. The basis of a standard is the standard GR-S, and the available rubbers above that standard are the high styrene content rubbers.

Q. Well, now, I wanted to know if you knew of a publication that set that forth in just that way, that the standard for GR-S sets the standard for what is high styrene and low styrene copolymers.

A. I cannot give you any publication.

(Testimony of Isador Miller.)

Q. There is no such publication that you know of, is there?

A. I cannot give you any such publication.

The Court: So your statement is based upon your own opinion of the known practices in the industry, is that correct?

The Witness: That is correct, your Honor.

The Clerk: There has been marked for identification, your Honor, Defendant's Exhibit L.

Q. (By Mr. Halle): Are you familiar with a publication called India Rubber World?

A. I am.

Q. Is that a standard publication of the rubber industry? [287]

A. It is a trade journal.

Q. Does it contain articles by people about rubber and synthetic rubbers?

A. From time to time.

Q. Have you ever seen an article entitled Impact Resistant Resin-Rubber Blends from the October 1948 issue of India Rubber World?

A. I don't believe I have. I may have read it, but I don't remember it.

Q. Well, it says here——

The Court: Show him the article. He couldn't remember back issues of magazines, but if he looks at them he may remember it.

The Witness: Frankly, I do not remember reading this article, but I may very well have read it.

The Court: What did you add?

The Witness: I may very well have read it.

The Court: Is it a signed article?

(Testimony of Isador Miller.)

The Witness: It is a signed article.

Q. (By Mr. Halle): By H. Sell and R. J. McCutcheon. They are from the Chemical Products Division, Goodyear Tire and Rubber Company, Akron, Ohio. Are you familiar with those gentlemen?

A. I don't know them personally. I know the company.

Q. This article is dated 1948, and it starts: [288]

"During the course of the past two years the use of high styrene copolymer resins as reinforcing and hardening agents for stocks of GR-S, natural rubber, nitrile rubber, and neoprene has gained widespread acceptance within the rubber industry."

Do you agree with that statement?

A. I would.

Q. The next sentence:

"In this classification of high styrene copolymer resins are found resins which have styrene-diolefin ratios ranging from 70 per cent styrene to under 95 per cent styrene."

Do you agree with that statement?

A. That is probably correct.

Q. In that range of 70 to 95 per cent styrene, is that anywhere near the range of GR-S, of styrene in GR-S?

A. It is much higher.

Q. I am sorry? A. It is higher.

Q. It is much higher, isn't it?

A. That's correct.

Q. I would like to show you this Whitby volume and ask you to look at page 644.

(Testimony of Isador Miller.)

Was this given a number?

The Clerk: It was not given a number, but the copyright page was read into the record. [289]

Q. (By Mr. Halle): I ask you to look at page 644 where it says Table 11, High Styrene Resins, and there are about 10 or 15 resins listed there. Some of them have the ratios of butadiene to styrene. What is the lowest ratio—what is the lowest styrene content that you can find listed there?

A. 60.

Q. And the highest?

A. I believe it is 85.

Q. So the styrene content of the copolymers listed on that table of high styrene resins range between 60 and 85 per cent styrene?

A. That is correct.

What is the date of that publication?

Q. 1954.

I believe there has been some testimony here by way of stipulation that the defendant uses a Bakelite resin TMD 2155 and that the plaintiff uses TMD 2155, as well as a Monsanto product. Were you in court when that was read off?

A. I was.

Q. Now, I ask you to look at the list of high styrene resins on page 644 of Whitby and ask you if you find either one of those resins listed.

Mr. Caughey: This book will speak for itself, it seems to me. I don't know the purpose of asking this witness.



(Testimony of Isador Miller.)

The Court: He is cross examining him as to what he [290] considers a high——

Mr. Caughey: He is asking him as to whether it is on there.

The Court: He will follow it with something else.

The Witness: Neither of those resins is described.

Q. (By Mr. Halle): Do you find that Darex No. 3 is described there?

A. That is correct.

Q. Do you also find that Darex X-34 is described there?      A. Yes.

Q. What is the butadiene-styrene ratio for X-34?      A. X-34 is 15/85.

Q. Do you know whether or not the Bakelite TMD 2155 and the Monsanto product that I mentioned were available to the market in 1954?

A. They were.

Q. In fact, the plaintiff's stipulation shows that they were first used in 1952?

A. That is correct. [291]

\* \* \* \* \*

### Redirect Examination

Q. (By Mr. Kirschstein): Is Darex Copolymer No. 3 treated as rubber in the Dewey and Almy bulletin?      A. It is.

Q. And the bulletin teaches that it can be vulcanized just like a rubber?      A. It does.

The Court: If you will notice, Mr. Kirschstein, if you go to paragraph 3, they kept using "resin" and "rubber" together all the time. We read only

(Testimony of Isador Miller.)

one paragraph from it. I mean that Dewey and Almy bulletin, in the second portion, the middle. In fact, they hyphenate where it says "Description."

"Darex Copolymer No. 3 is supplied as light amber-colored, spongy granules. When milled or molded into sheets, it is intermediate in hardness [292] and stiffness between the normal type of high styrene resin and a resin-rubber master batch. Since Darex Copolymer No. 3 is not a blend, but a single polymer, it is translucent, more homogeneous and has unusually high gum strength, tear resistance, resilience, and heat resistance. It is quite flexible at room temperature."

Then in the properties they call it a pure hydrocarbon.

Q. (By Mr. Kirschstein): Mr. Miller, does the description that Judge Yankwich just read indicate that this material is elastomeric?

A. It does.

Q. I believe you mentioned that there is a standard synthetic rubber in the rubber industry?

A. I did.

Q. And that you didn't believe there was such a standard in the plastic industry?

A. No, sir.

Q. So if you come across the term that requires reference to that subject, you would simply go to the rubber industry for the standard, isn't that true?

(Testimony of Isador Miller.)

Mr. Halle: I object to that as leading, your Honor.

The Court: I'm sorry. I was looking at the bulletin. [293] I didn't hear the last question.

(Question was read by the reporter.)

The Court: I think it is permissible. Go ahead.

The Witness: I would.

Q. (By Mr. Kirschstein): You mentioned that you have not brought with you and you don't recall seeing GR-S copolymers with over 50 per cent styrene. Have you seen Buna S rubbers with over 50 per cent styrene?           A. I have.

Q. And GR-S is a Buna S?           A. It is.

Q. You referred to a 1944 reference.

A. I gave it back to the clerk.

Q. You mentioned that reference in connection with a definition of standard GR-S.

A. I have my copy of it, Mr. Kirschstein. I don't need the exhibit copy.

Q. That reference is not the only place, to your knowledge, that the standard GR-S comes from?

A. No. It is mentioned in three other places in my testimony.

Q. How about your own knowledge?

A. From my own knowledge of the art, GR-S standard is in a definite range.

Q. And that is the general all-purpose replace for natural rubber? [294]

A. That is the general all-purpose rubber.

Mr. Kirschstein: That is all.

(Testimony of Isador Miller.)

Mr. Halle: I just have two questions, your Honor.

The Court: Go ahead.

Recross Examination

Q. (By Mr. Halle): You stated to your counsel just now that you have never heard of a GR-S of over 50 per cent, is that correct, with over 50 per cent styrene?

A. In any publication.

Q. Or you have never heard of one personally?

A. I personally have not.

Q. But you have also stated to your counsel that you know that there are Buna S's with higher than 50 per cent styrene content?

A. That is correct.

Q. So according to that there is a Buna S in existence which has a higher styrene content than any GR-S that you know of in existence, is that correct?

A. There are Buna S's with higher styrene content than 50 per cent.

Q. So that there are Buna S's with higher styrene content than there are GR-S's, is that correct?

A. I would not word that—

Q. You word it your way.

A. You worded it, Mr. Halle. I don't want to appear impertinent, but my way of saying it is there are Buna S's with a content of styrene higher than 50 per cent.

Q. And that there are no GR-S's that you know

(Testimony of Isador Miller.)

of with styrene contents of higher than 50 per cent,  
is that correct?      A. That is correct. [296]

\* \* \* \* \*

Mr. Kirschstein: This is the plaintiff's deposition of Erich Fritsch taken February 19, 1958.

(Whereupon counsel commenced the reading of the deposition of Erich Fritsch as follows:)

### DEPOSITION OF ERICH FRITSCH

"Q. Please state your full name, address, and age.

A. Erich Fritsch, 196 Cedar Street, Clinton, Massachusetts. I'm thirty-six years old.

Q. What is your occupation?

A. Executive Vice-President and General Manager of Van Brode Milling Company.

Q. Is that the plaintiff in these actions? [300]

A. That is the plaintiff.

Q. How long have you held your present position?

A. Oh, about four or five years.

Q. What was your position before that?

A. Just a plain vice-president.

Q. When did you become a plain vice-president?

A. About 1950.

Q. Are you familiar with the business of the plaintiff?      A. I am.

Q. Are you familiar with their automotive business?      A. I am.

Q. And with the plastic battery hold-down frames, which are the subject of this suit?

(Deposition of Erich Fritsch.)

A. I am.

Q. What are your duties generally?

A. My duties are to arrange for our company to sell merchandise, produce merchandise and make a profit. That is in general.

Q. It would be correct to say, would it not, that you generally manage the business of the plaintiff?

A. That is true.

Q. Are you familiar with the sales of plaintiff's plastic battery hold-down frames?

A. I am. [301]

Q. Since when have they been sold commercially? A. Since 1951, 1952, I think.

Q. Have they been sold continuously to date?

A. They have.

Q. Are they being sold now?

A. They are."

Mr. Kirschstein: I have a stipulation, your Honor, that becomes pertinent at this point.

The Clerk: Marked for identification, your Honor, as Plaintiff's Exhibit No. 78.

(The exhibit referred to was marked as Plaintiff's Exhibit No. 78 for identification.)

Mr. Kirschstein: It relates to the item of evidence to be offered on which no objection will be raised, and it relates to withdrawal of certain objections raised during the examination.

The Court: If you think it is important that I read it now, I will read it now.

These are merely sales to show the commercial success?



(Deposition of Erich Fritsch.)

Mr. Caughey: Yes.

The Court: All right.

(Whereupon counsel resumed the reading of the deposition of Erich Fritsch as follows:)

“Q. Do you know what the total sales of these frames by plaintiff and its subsidiaries have been since they first started to sell them up until the end of the last fiscal year? A. I do.

Q. What is that amount?

A. Approximately a million and a half dollars.

Q. Have you prepared from the books of account of the plaintiff and of Van Brode Sales Co., Inc., a statement of dollar volume of sales of the plastic battery hold-down frames sold by these companies annually since they began to manufacture these frames?

A. I had such a statement prepared, yes.

Q. Would you produce it, please?

A. Yes.”

Mr. Kirschstein: The witness produced a document marked 31 on the deposition, and it is marked 30 on this trial, your Honor.

(Whereupon counsel resumed the reading of the deposition of Erich Fritsch as follows:)

“Q. Will you take Plaintiff’s Exhibit 31 for identification, Mr. Fritsch, and explain what the column headed ‘Date’ refers to.

A. The date gives you the times, the period of the sales for that particular year. For instance, the first item listed [303] is from June of 1951 through December of 1952, and the following years follow

(Deposition of Erich Fritsch.)

along the same line: June of 1952—I beg your pardon. This is through the fiscal year. It is June 1, 1951 through May 1, 1952, and it works on a fiscal year similar to our Government.

Q. What is the next one in that column?

A. That would be May 1, 1952 through June 1 of 1953.

Q. And the next one?

A. That would be May 1, 1953 through June 1, 1954.

Q. And the next one?

A. May 1, 1954 through June 1, 1955. I beg your pardon—that is not—There is a difference here, which I can explain. That is not through June 1, but it is through May 30. I beg your pardon, April 30.

Q. You are talking about line 6?

A. Line 6.

Q. Line 6 runs from when; what are the dates?

A. From May 1, 1954 through April 30, 1955.

Q. Why is there that difference from—

A. At this particular break-off, that date is the date that we changed from the operation of the battery hold-downs from that of Van Brode Milling Company making it, manufacturing it and selling it, to the Van Brode Milling Company now manufacturing and Van Brode Sales Company now selling.

Q. What do the figures opposite these dates on lines 1, [304] 2, 4, and 6 constitute?

(Deposition of Erich Fritsch.)

A. They are the total dollar volume of sales of battery hold-downs during the period indicated.

Q. I notice that on line 3 there is a circled figure, and on line 5 there is a circled figure, and that there are circled figures on lines 7, 8 and 9. What are those?

A. Those are returned—they are dollar value of merchandise returned and they cover returns and allowances.

Q. Are the totals referred to figures that have been obtained after subtraction of these returns?

A. That is true.

Q. What is the figure on line 11?

A. One hundred—

Q. What does it refer to?

A. It refers to the total net dollars worth of sales of battery hold-downs made when Van Brode Milling Company itself was selling the hold-downs, including the period through April 30, 1955.

Q. Beginning with June 1, 1951?

A. Beginning with June 1, 1951, correct.

Q. Would you explain lines 13, 14 and 15 under the date column?

A. From this period on the sales indicated here are the sales made by Van Brode Sales Company, and they cover the period from May 1, 1955 through—the first one is from May 1, [305] 1955 through December 31 of 1955. From now on we operate on a calendar year in the sales company.

Q. What is line 15?

A. Line 15 is the sales of Van Brode Sales Com-

(Deposition of Erich Fritsch.)

pany of battery hold-downs from January 1, 1956 through December 31, 1956.

Q. What is line 16?

A. And the last line, line 16, are the sales of battery hold-downs from January 1, 1957 through December 31, of 1957.

Q. What are the figures opposite these date entries in lines 14, 15 and 16?

A. They are the total net dollar sales of battery hold-downs during these particular periods.

Q. Are those figures after deduction of any—

A. They are net.

Q. Of any returns? A. That is correct.

Q. What is the figure on line 17, under these other figures?

A. Line 17 is the total dollar volume sales, net sales of battery hold-downs from its inception through December 31, 1957.

Q. You mean from June 1, 1951?

A. Yes, through December 31, 1957. [306]

Q. They would be the total of figures in lines 11, 14, 15 and 16; is that correct?

A. That is correct.

Q. What is this notation on the right side of the page from lines 23 to 26?

A. That is in my own writing, emphasizing again the grand total sales, net sales, of 1951 to 1957, the same figure as indicated here on this statement.

Q. Who prepared this statement?

(Deposition of Erich Fritsch.)

A. This statement was prepared by Mr. John Bailey.

Q. Who is he?

A. He is assistant to our controller. He is office manager.

Q. You directed him to prepare it?

A. I directed our controller to have it prepared, and he directed this work to be performed by his assistant."

Mr. Kirschstein: I am skipping now to page 38, beginning on line 16.

(Whereupon counsel resumed the reading of the deposition of Erich Fritsch as follows:)

"Q. Mr. Fritsch, do you know approximately what the battery frames that you sell, sell for wholesale? A. The average price?

Q. Yes, approximately. [307]

A. Approximately around 60 cents. I'm not sure, but from what I see, around 60 cents.

Q. Can you estimate on this basis about how many frames have been sold by plaintiff up until the end of the last fiscal year from the beginning?

A. Well, over 3,000,000 pieces, I would say.

Q. I notice that in 1955 there is a large growth in your sales. A. That is correct.

Q. Can you explain that?

A. Our 12-volt battery hold-downs came out about that time, and the sales of the 12-volt battery together with the 6-volt increased the sales of our entire line of hold-downs."

(Deposition of Erich Fritsch.)

Mr. Kirschstein: I am skipping to page 41, beginning with line 12.

(Whereupon counsel resumed the reading of the deposition of Erich Fritsch as follows:)

“Q. Through what channels does plaintiff distribute its frames?

A. We distribute our——”

Mr. Kirschstein: There is an objection there.

Mr. Halle: I am going to object to that last answer, “We think it was,” as being the operation of the witness’ mind [308] rather than any evidence that he has given.

Mr. Kirschstein: Excuse me, your Honor. The answer wasn’t read in yet. It is my mistake. That answer wasn’t read.

I will start further down on the page.

The Court: All right.

Mr. Kirschstein: I am starting with line 18—I am sorry, your Honor. I am skipping to page 42, and am starting with the third to the last line.

(Whereupon counsel resumed the reading of the deposition of Erich Fritsch as follows:)

“Q. What channels are the plaintiff’s frames distributed through?

A. Our hold-downs are—our battery hold-downs are sold by automotive distributors and chains.

Q. Are these sales nationwide?

A. They are nationwide.

Q. Do they include the State of California?

A. It includes the State of California.



(Deposition of Erich Fritsch.)

Mr. Kirschstein: Please mark this box as Plaintiff's Exhibit 32 for identification."

The Clerk: That is our 31 in the trial exhibits, Plaintiff's 31. [309]

(Whereupon counsel resumed the reading of the deposition of Erich Fritsch as follows:)

"Q. I show you Plaintiff's Exhibit 32 for identification and ask you if you know what it is.

A. Yes, it is our box.

Q. What box?

A. It is our—it is the type of box that we use to package our battery hold-downs.

Q. Except for size, are all of your battery hold-down frames that are sold in boxes, sold in containers like this?

A. With one exception, yes.

Q. What is the exception?

A. We sell our frames to Wizard, Western Auto, in their box; but any of the hold-downs that we sell in our box, this is the box we have always used.

Q. This is the only box, except for size?

A. Except for size.

Q. Would you open the box, sir? A. Yes.

Mr. Kirschstein: Let the record show that the witness opened the box and took an object out of it.

Q. Hand me the object that you just took out of the box, Mr. Fritsch.

A. Yes (handing object to Mr. Kirschstein).

Mr. Kirschstein: Please mark this as Plaintiff's [310] Exhibit No. 33 for identification."

(Deposition of Erich Fritsch.)

The Clerk: It was marked in our numbering as No. 32, Plaintiff's 32.

(Whereupon counsel resumed the reading of the deposition of Erich Fritsch as follows:)

"Q. I show you Plaintiff's Exhibit No. 33 for identification, and ask you what it is.

A. It is the Van Brode battery hold-down.

Q. What color is that frame?

A. The color is red.

Q. Have they always been red?

A. All the hold-downs that we ever sold for batteries were red.

Q. How long has the particular red color, which this frame has, been present on your frames?

A. At least since 1952.

Q. On all of the frames?

A. On all the frames that we sold commercially.

Q. That you sold commercially?

A. Yes.

Q. Before then, were your frames red, also?

A. They were red.

Q. There was a slightly different shade?

A. I understand there was a different shade of red. [311]

Q. Do you advertise your frames?

A. We do.

Q. What type of advertising do you do?

A. We advertise our battery hold-downs in trade journals.

Q. About how much has been your total advertising of your frames since inception?

(Deposition of Erich Fritsch.)

A. About \$6,000. I have the exact figure, if you want it, but it is about \$6,000.

Q. Have you brought here typical examples or samples of your advertising?

A. I have. I think you have them now. They are in the scrap book, I suppose."

Mr. Kirschstein: I am skipping down to the sixth line from the bottom of the page.

(Whereupon counsel resumed the reading of the deposition of Erich Fritsch as follows:)

"Q. You certainly wouldn't have advertised these frames much more than \$6,000 worth, would you?      A. No."

Mr. Halle: I object to both the question and the answer and move it be stricken.

Mr. Caughey: The objection was withdrawn according to the stipulation, I believe. [312]

Mr. Halle: This is asking him what he certainly would or wouldn't have done. You have your stipulation there. What he would do about something about advertising has nothing to do with it.

The Court: It is an argumentative question. He has already stated it is about \$6,000. The proportion of advertising to sales doesn't mean anything. Some articles sell themselves. I will sustain the objection.

Unless it has been waived, I will sustain the objection to the question because it is argumentative. He has already stated what the amount is.

Go ahead.

Sometimes advertising is out of proportion to the

(Deposition of Erich Fritsch.)

result. We had an illustration of that in the Looz case. More than half of the income was spent in plugging the item on the air. But it doesn't make much difference one way or the other. Sometimes a product sells itself once it is established.

All right. Let's go to the next matter.

Mr. Kirschstein: Your Honor, on pages 46 through 48 are marked Exhibits 34-A through H on the deposition, which are 33 through 40 of this trial.

I am starting again at page 49, line 12.

(Whereupon counsel resumed the reading of the deposition of Erich Fritsch as follows:)

"Q. In Plaintiff's Exhibit 34-A for identification, what [313] page is the advertisement on?

A. Page 146.

Q. In Plaintiff's Exhibit 34-G, what page is the advertisement on? A. On page 132.

Q. In Plaintiff's Exhibit 34-B, what page is the advertisement on? A. Page 107.

Q. Now, the exhibits I just showed you, Plaintiff's Exhibits 34-A, B, and G, are trade journal advertisements, aren't they? A. Correct.

Q. How are advertisements such as Exhibit 34-H distributed?

A. Exhibit H is what they would call a flyer and they are either sent on request or we may mail them to a customer that has bought our battery hold-downs. How is it used? It is pasted on a window of a place where it is being sold. Usually we hope it would get into the retail channel.

.

(Deposition of Erich Fritsch.)

Q. What type of publications are Exhibits A, B, and G?

A. They are trade publications.

Q. The automotive trade?

A. Automotive trade publications.

Q. What is Exhibit 34-E?

A. That is another trade publication. [314]

Q. What is the exhibit?

A. It is a proof of an advertisement that was going to appear in the March 1955 issue of the Southern Automotive Journal.

Q. What is Plaintiff's Exhibit 34-C?

A. Exhibit 34-C is a proof of an advertisement that appeared in Jobber Topics, the October 1956 edition.

Q. What is Exhibit 34-F?

A. This is a full-page torn from the Automotive News issue of March 21, 1955, where our ad appears."

Mr. Kirschstein: On the rest of the page of this deposition, your Honor, page 51, another exhibit was marked as 35 on the deposition, and it is 41 on the trial.

Now, starting at page 52:

(Whereupon counsel resumed the reading of the deposition of Erich Fritsch as follows:)

"Q. Mr. Fritsch, I show you Plaintiff's Exhibit 35 for identification, and ask you if you know what it is.

A. Yes, I'm familiar with this book.

Q. What is it?

(Deposition of Erich Fritsch.)

A. It is a scrapbook maintained by Sid Coleman showing price lists, catalogue sheets and what-have-you, of merchandise that is handled through the Automotive Department.

Mr. Halle: Why don't you number the pages?

Mr. Kirschstein: All right, we will do it right now. [315]

Let the record show that at Mr. Halle's suggestion I am numbering the pages beginning with the inside of the front cover."

Mr. Kirschstein: Your Honor, the defendant will agree we can skip the next few pages where the witness identified all of the items on these pages.

The Court: They have already been given a number here.

Mr. Kirschstein: On the numbered pages, your Honor, I think they speak for themselves, but I will read them if the defendant wants it.

Mr. Halle: You don't have to read it.

Mr. Kirschstein: So I am skipping to page 57, line 10.

(Whereupon counsel resumed the reading of the deposition of Erich Fritsch as follows:)

"Q. Do the plastic battery hold-down frames manufactured by the plaintiff and sold by the plaintiff or its subsidiary, Van Brode Sales Company, Inc., bear a patent notice? A. They do.

Q. I show you plaintiff's Exhibit 33 for identification and ask you if you can find that notice.

A. Yes.

Q. Would you read it?



(Deposition of Erich Fritsch.)

A. It says, 'U. S. Patent No. 2710660.'

Q. When did the plaintiff start putting that notice on? [316]

A. After we were issued, were assigned the patent that was issued to Mr. Coleman.

Q. After the patent was issued?

A. Issued.

Q. And has it always been on ever since?

A. As far as I know it has.

Q. On all the models?

A. As far as I know it has.

Mr. Kirschstein: That is all."

\* \* \* \* \*

The Clerk: The defendant has marked for identification their Exhibits Q and R.

(The exhibits referred to were marked Defendant's Exhibits Q and R for identification.)

Mr. Halle: Now, your Honor, as part of the deposition of Mr. Fritsch that was just read there was a statement made in answer to a question, that the plaintiff always packs their frame in a box, and your Honor has seen the plaintiff's box, and then at one point Mr. Fritsch said "with one exception." [317] And what is the exception? He said, "We sell our frames to Wizard, Western Auto, in their box; but any of the hold-downs that we sell in our box, this is the box we have always used."

Now, I have obtained a box of the Western Auto Company showing their trademark "Wizard" on it, with a Van Brode frame packed in it, and I

(Deposition of Erich Fritsch.)

am going to offer this in evidence, with the consent of the plaintiff herein, showing that product that Mr. Fritsch was referring to as the Van Brode frame packed by the Western Auto Company.

The Court: All right.

The Clerk: Q and R in evidence.

(The exhibits heretofore marked Defendant's Exhibits Q and R were received in evidence.)

Mr. Halle: Cross examination. I am reading from page 58 at the middle of the page.

(Whereupon counsel resumed the reading of the deposition of Erich Fritsch as follows:)

“Q. (By Mr. Halle): You do not do any advertising with the consumer public, is that right?

A. We do not do any consumer advertising.

Q. Mr. Fritsch, you have in your lap a ledger which you brought as supporting evidence to some of the figures that were presented in Exhibit 31.

A. Yes.

Q. Can you determine from that ledger the date of the first sale of a plastic battery hold-down by your company? A. Yes.

Q. What is that date?

A. It shows a sale—I can't understand why—it is a sale of only \$2.66 on October 28, 1951. The first real sale, or of any money was January 6, 1952.

Q. What was the amount of that sale?

A. \$7,974.96.

(Deposition of Erich Fritsch.)

Q. Would you know offhand who that sale was to?

A. This is a ledger. Therefore, it would be summary of individual sales. There would be a bunch of documents to support this. That was the first entry they made.

Q. That would reflect——

A. An accumulated number of sales.

Q. For that period of a week or ten days, beforehand? A. I assume so, yes.

Q. So, roughly, it would be January 1, 1952, when any substantial sales were first made?

A. It would appear so from this book, yes.

Q. This sale of \$2.66 in October may have been some kind of a sample?

A. I don't know.

Q. Could it be possible that the sale of \$2.66 in October [319] was made for the purposes of getting a trademark registration on the product?

Mr. Kirschstein: Objected to, and I direct the witness not to answer. My objection is on the grounds of irrelevancy and immateriality.

Q. Do I understand that Mr. Sidney Coleman and his associates promote this plastic battery hold-down frame for you?

A. What do you mean by the word 'promote'?

Q. Are they in charge of the sales?

A. Yes.

Q. And representing you with all of your customers?

A. On the battery hold-downs, yes.

(Deposition of Erich Fritsch.)

Q. Do you pay Mr. Coleman and his associates approximately  $2\frac{1}{2}$  per cent of your sales price for their share in handling the sales?

A. I pay Mr. Coleman  $2\frac{1}{2}$  per cent. I pay a different rate to his representatives, probably higher." [320]

\* \* \* \* \*

"Q. What is the total cost to you per dollar volume of sales for your sales cost?

A. I really don't know the exact percentage. I think it is under 10 per cent, total sales cost.

Q. In other words, approximately, for every dollar's worth of battery hold-down frames that you sell, they cost your company 10 cents for the services of Mr. Coleman and his associates?

A. No, I didn't say that. I said for every dollar that you sell, 10 cents on the dollar is actually your sales expense, made up of advertising, of which you have \$6,000, telephone calls, show expenses—appearing at the shows—postage, stenography services, use of our stationery—the whole works.

Q. Then, for a million and a half dollars worth of sales, [322] the cost of those sales would be approximately \$150,000, and would not exceed 10 per cent——

A. If that is \$150,000, true."

Mr. Halle: I am going to skip to the bottom of page 62, next to the last question from the bottom.

(Whereupon counsel resumed the reading of the deposition of Erich Fritsch as follows:)

"Q. The first battery hold-down frame that your

(Deposition of Erich Fritsch.)

company made had triangular reinforcements at the corners; is that correct?

A. I don't know for sure, but I think so.

Q. I hand you Exhibit 33 for identification. You will note that there are no triangular reinforcements at the corners; is that correct?

A. That is correct.

Q. When did your company make the first model battery hold-down frame similar to Exhibit 33, without the triangular reinforcements?

A. I don't know.

Q. Was it at or about the time that the 12-volt storage batteries came out?

A. I would think so.

Q. Would that be in the year 1955?

A. Without looking at the price lists and so forth, I'm not sure of that, but I would have to assume that. You see, [323] this is a detail that I wouldn't pay attention to.

Q. After you made the model without the triangular reinforcements for the 12-volt batteries, did you also make a similar model without the triangular reinforcements for the 6-volt batteries?

A. I don't know.

Q. I show you Exhibit 32, which is the package for the frame——

A. Yes.

Q. (Continuing) ——and I ask you whether it is the custom of your company to ship battery frames in packages such as that.

A. For most of our business, yes.

(Deposition of Erich Fritsch.)

Q. And you also ship to a company that you call Wizard?

A. That is Western Auto, yes.

Q. And they have their own boxes?

A. They have their own box.

Q. And you are making no claim with reference to the defendants here in connection with those Wizard boxes, are you? A. No, sir.

Q. With the exception of the Wizard boxes, did you ever ship frames without being packaged?

A. Yes.

Q. Who do you ship those frames to?

A. To another company that boxes it themselves. [324]

Q. I would like to restrict it to the unfair competition aspect of this case. Do you ship any frames of your own with which you claim the defendant Kravex competes unfairly where you don't ship those frames packaged in a box such as Exhibit 32?

A. I'm afraid I might have lost you on that.

Mr. Halle: I will withdraw the question.

Q. You have mentioned two companies that you ship frames to without packages. Are there any other companies? A. Not that I know of.

Q. In other words, as far as you know all other frames shipped by your company are packaged in a box similar to Exhibit 32? A. True.

Q. And as far as you know, the frames arrive at your customer's premises packaged in such a box? A. True."



(Deposition of Erich Fritsch.)

Mr. Halle: I skip now to page 69, the second question from the top of the page.

(Whereupon counsel resumed the reading of the deposition of Erich Fritsch as follows:)

“Q. Do you personally know of any instance where the defendant, Cox Air Gauge Systems, Inc. sold a red plastic battery hold-down frame of a manufacture other than yours for [325] one of your frames?

A. I do not know of it personally, no.

Q. Do you have any reports that were made to your company that such a thing ever happened?

A. Repeat the question again.

(The reporter read the last question as recorded.)

A. You mean——

Mr. Halle: I will withdraw the question.

Q. Have any complaints ever been made to your company that Cox Air Gauge Systems, Inc. sold a red plastic battery frame that was not of your manufacture when they were specifically asked for your battery frame, your Kant-Ker-Rode battery frame?

A. I don't know of any instance, no.”

Mr. Halle: I skip now to page 71. Pardon me. Page 70 at the bottom of the page.

(Whereupon counsel resumed the reading of the deposition of Erich Fritsch as follows:)

“Q. In other words, any complaint you may have had would have been through Mr. Coleman?

A. Yes, the manufacturers' representatives.

(Deposition of Erich Fritsch.)

Q. Or his representatives?

A. That is right.

Q. Would you say that Mr. Coleman is the central link [326] in your sales organization in communications from you to your customers and representatives? A. Yes, sir."

Mr. Halle: At the bottom of page 71:

(Whereupon counsel resumed the reading of the deposition of Erich Fritsch as follows:)

"Q. You mentioned that since 1952 your frames were made of a certain red shade of which Exhibit 33 is an example. A. Yes, sir.

Q. Do you have any arrangement with anyone to produce that red shade for you?

A. What do you mean by 'arrangement,' Mr. Halle?

Q. I believe there are two companies that supply you with molding powder for that frame, Monsanto and Bakelite. A. True.

Q. Do you have any arrangement with either of those companies to reserve that particular shade of red for your company?

A. I don't know of any.

Q. I notice that in Exhibit 35 we have a flyer on page 12, and also a flyer on page 25, which appear to be the same. Are those the same flyers?

A. Could be. I have no way of knowing without looking, the same way you are. I thought that some of the stuff here [327] was repetitious. There is no date on either one, and they seem to be the same."

Mr. Halle: On page 74, the first question:

(Deposition of Erich Fritsch.)

(Whereupon counsel resumed the reading of the deposition of Erich Fritsch as follows:)

“Q. Do you know when this flyer, which is represented on either page 12 or page 25 of Exhibit 35, was put out?

A. I don't know, except if we can tie it in with a price list. That is the only way I would know.”

Mr. Halle: I skip now to page 75, the first question.

(Whereupon counsel resumed the reading of the deposition of Erich Fritsch as follows:)

“Q. Maybe we can get it a little more definitely by looking at the flyer itself. It says, ‘Patent No. 2710660’ on the flyer itself at page 25, and also on the flyer on page 12; is that correct?

A. Yes.

Q. And I understand your patent with that number was issued on June 14, 1955.           A. Yes.

Q. So that means that these two flyers on pages 12 and 25 must have been used in a promotion some date after June 14, 1955. [328]           A. True.

Q. Would you explain how that promotion worked.

A. Well, this particular catalogue sheet was directed—this is where we made an attempt and a rather successful attempt to have the gasoline stations know about our hold-down, because that was the link that was very, very important to make. We could go out and sell our hold-down to a jobber. Now, to make the jobbers sell it to the retailer who, in turn, would sell it to the consumer, was

(Deposition of Erich Fritsch.)

always a problem in any line of endeavor. This was an attempt to give something to the retailer, the gasoline station, the garage man, so that he would stock our hold-downs, and this was a promotion designed for him wherein he could get this particular set of tools free by buying a 711 assortment, which consists maybe of about fifteen numbers. I don't know offhand. We'd have to look that up. These tools, being of such a nature, that he would use them in repairing batteries. They are unique tools to remove the cables from the battery, and so forth. This was sent to the retailer."

Mr. Halle: I skip to the next question after that.

(Whereupon counsel resumed the reading of the deposition of Erich Fritsch as follows:)

"Q. Do you know how much that set of tools cost that was given as a premium? [329]

A. The set of tools cost about three dollars, I believe, and we didn't pay for the tools altogether.

Q. Who paid for that?

A. The jobber himself pays for most of the cost.

Q. The jobber would be your customer?

A. The jobber, he's bearing most of the load of that. I think we paid 50 cents, or something, of the set."

Mr. Halle: At the middle of the page there:

(Whereupon counsel resumed the reading of the deposition of Erich Fritsch as follows:)

"Q. Would you say, then, that approximately three dollars' worth of tools were given away, then,

(Deposition of Erich Fritsch.)

with an order of approximately \$20 worth of merchandise?      A. Yes.

Q. And the cost of the three dollars was not borne by the plaintiff?      A. Not entirely.

Q. How much did the plaintiff bear of the cost?

A. Not knowing offhand—but between two dollars and two dollars and fifty cents was borne by the jobber. We bore either fifty cents or a dollar.

Q. The price that the jobber paid didn't come into your cost of sales, which we talked about before?      A. No, that is right." [330]

\* \* \* \* \*

Mr. Kirschstein: Page 72, starting at the second to last question:

(Whereupon counsel resumed the reading of the deposition of Erich Fritsch as follows:)

"Q. Now, your product is sold to the automotive trade.      A. True.

Q. Do you sell to anybody else besides the automotive trade?      A. Yes.

Q. Did you mention chains?

A. That is the automotive trade.

Q. Who else do you sell to?

A. We sell to marine users; in other words, people who have boats. They have a very bad corrosion problem. We sell to tractor manufacturers, who manufacture tractors, original equipment.

Q. Would you say that the bulk of your product is sold to the automotive trade?      A. Sure.

Mr. Kirschstein: You sell the frame as original equipment on tractors? [331]



(Deposition of Erich Fritsch.)

The Witness: Yes, sir.

Mr. Kirschstein: Your frames, you mean?

The Witness: Our frames, Kant-Ker-Rode.

Q. Which tractor company?

A. That, offhand, I can't tell you. I'll find that out.

Q. It is not to all companies? A. No.

Q. One of the companies?

A. One or two, or possibly three." [332]

\* \* \* \* \*

The Court: Gentlemen, this is the third time very recently that I have had to refer to the fact that in the law on the patents we are not governed by the tyranny of words.

I dug up that old statement that the patentee may write his own dictionary. In other words, he may use words in a certain manner that are understandable in the light of what he describes, then the fact that he calls it one thing rather than another doesn't matter.

We had that illustration in the Everlube case where the problem arose whether a certain combination was thermoplastic or thermosetting. We had it also in another case. No. In the same case we had the question whether a [339] combination of elements constituted truly an emulsion or not.

In a more recent case I also made similar observations.

I think the question presented by the motion is one that should be determined also as a question of fact.

I think this patent is very limited. A study of



the file wrapper demonstrates it. Because it is inconceivable that the patentee should have acquired a monopoly on any combination of any use of plastics.

The best truth of it is this: That his entire patent based upon the idea of the use of plastic, without designating a particular kind of plastic, were cancelled out, and on appeal to the board the board sustained the examiner, and then they allowed him, under the rule, to modify his claims. In his modification of claims he sought to introduce what are now the four claims, in addition to the other four, and the examiner rejected the claims and renumbered them. He wanted those in addition to the claims he rejected, claims 1 and 2, which would have claimed the entire field.

So we are back to Mr. Joyce's case where this patentee has been given a very limited patent to a frame made of certain types of plastic, and that is all he has. He cannot recapture claims 1 and 2, which would have given him the entire field. Because it would be absurd to think that the Patent Office would in this era of plastics give a man a patent upon the use of plastic in a thing like this, just a [340] frame, which is so simple a mechanism that I doubt if anybody has any patent upon the idea. Because clamping a thing down is not a patentable device.

You can clamp a thing down by making it work as a vise.

So the original claims were rejected. What he wanted was to cover the entire field, which would

have eliminated the use of plastic by anyone else.

So when he comes back it is very significant—I studied this file wrapper very carefully, and when Mr. Herzog tried to recapture, retain 1 and 2, plus the 4, this is the argument he used, which of course was rejected. But he himself realized that he was modifying the proposed claims.

“The board held the original claims unpatentable not in view of the references of record, but because they set forth merely the desired properties of the plastic and in no way recited the composition of the plastic. This defect having now been cured, the claims should be allowed, and accordingly a Notice of Allowance is respectfully requested.”

You see, he renumbered his claims, and in addition to the others he asked that he be allowed to present four claims in addition to the others. The examiner rejected, stood by the original order rejecting the original claims, and gave him merely the limited four claims which describe a frame [341] consisting of a certain type of plastic.

So in the light of that we have, as I say, a very limited patent consisting of a hold-down frame; not the frame itself, because that is evidently in the public domain, but the making of it with a particular plastic.

And it is very significant that the allowance of the claim is not as requested, but the notice of allowance states “battery hold-down frame of synthetic rubber-resin material as amended by examiner.”

And the amendment by the examiner consisted of

renumbering them 1, 2, 3 and 4, instead of 2, 3, 4, 5 and 6, and adding them to the others. Because the examiner again rejected the claim to the entire field.

So I believe with that statement I will deny the motion and I will put you upon such additional proof as you desire to present.

Mr. Halle: Your Honor, I would like to call Mr. Raymond B. Stringfield to take the stand as our witness.

The Court: All right.

### RAYMOND B. STRINGFIELD

called as a witness on behalf of the defendant, being first duly sworn, was examined and testified as follows:

The Clerk: Your full name.

The Witness: Raymond B. Stringfield.

The Clerk: S-t-r-i-n-g-f-i-e-l-d. [342]

The Witness: That's right.

The Clerk: Thank you.

### Direct Examination

Q. (By Mr. Halle): Mr. Stringfield, what is your business?

A. I am a consulting chemical engineer, and also president of Fullerton Manufacturing Company of Fullerton, California.

Q. Would you state your past experience, particularly with reference to chemicals and plastics, and such experience as you may have had in the molding of plastics.

A. I am a graduate in chemistry of the Univer-

(Testimony of Raymond B. Stringfield.)

sity of Southern California, in 1913; a graduate in chemical engineering from the Massachusetts Institute of Technology in 1915. After some five years commercial experience I went in the rubber industry in 1920 and spent nine years with the Goodyear Tire & Rubber Company, some five years as manager of service laboratories and process development in Akron at their main plant, and the remainder of the time as chief chemist of the Goodyear plant in Los Angeles.

After leaving them I entered the consulting practice, and since 1929 have been a consulting chemical engineer specializing in rubber and plastics, and at the same time have had a finger in several different enterprises.

From 1930 to '35 I was connected with a plastic [343] molding plant, in fact my connection with plastics began in 1929, at which time the only plastics available were thermosetting materials, and has continued in close connection ever since.

From 1932 to 1944 I was part time on the faculty of the University of Southern California in the Chemical Engineering Department, and in connection with that work they asked me each year to give a course in the evening in chemistry of synthetic resins, and also a second course in rubber technology, which were given during that period.

During the war I was staff process engineer for Consolidated Vultee Aircraft Corporation, and was also chairman of the board of Reeves Rubber, Incorporated, San Clemente, California, and at the

(Testimony of Raymond B. Stringfield.)

end of the war in 1946 a group of us purchased a plant, and I have been president of Fullerton Manufacturing Company, Fullerton, California, a rubber molding plant, since that time, but also devoting a portion of my time to consulting practice.

The Court: What products does Fullerton Manufacturing Company make?

The Witness: Fullerton Manufacturing Company is primarily a rubber molding plant making custom molded rubber goods, about 60 per cent rubber parts for the oil tool industry. We also have a plastics department which does plastic extrusion.

The Court: All right. [344]

The Witness: Incidentally, over the years I have been a member of a number of technical societies and have been chairman of the Southern California section of the American Chemical Society, the American Institute of Chemical Engineers, the American Society for Testing Materials, and was organizer and first chairman of the Los Angeles Rubber Group, which is the technical society of the rubber industry; and I am a registered chemical engineer in California, No. 27.

The Court: All right.

Didn't you testify in a case last year in this court?

The Witness: Yes.

The Court: Which case was that?

The Witness: That was in the Reading Tire case.

The Court: I thought your name and background sounded familiar.



(Testimony of Raymond B. Stringfield.)

All right.

Q. (By Mr. Halle): Mr. Stringfield, could you define a Buna S for us?

A. Buna S today is almost an obsolete term. It was originated during World War I to designate the synthetic rubbers that were made in Germany by the copolymerization of butadiene and styrene with a sodium catalyst.

It is carried over and is used sometimes since that [345] time, but it is practically obsolete at the moment. It simply designates a copolymer of butadiene and styrene made with a sodium catalyst, which the catalyst is no longer used in normal practice.

The Clerk: There has been marked for identification, your Honor, Defendant's Exhibit S.

(The exhibit referred to was marked Defendant's Exhibit S for identification.)

Mr. Halle: I am going to offer this exhibit, which is contained in an envelope, Exhibit S. I am going to offer it in evidence right now.

These are the Bakelite molding material pamphlets.

The Clerk: May it be received, your Honor?

The Court: What did you identify it as? What did you say it was?

Mr. Halle: The Bakelite Company material on molding TMD 2155, and concerning material.

The Court: All right.

(The exhibit heretofore marked Defendant's Exhibit S was received in evidence.)



(Testimony of Raymond B. Stringfield.)

Q. (By Mr. Halle): Mr. Stringfield, is there a product in the industry today known as a high impact plastic?

A. High impact plastic? Yes.

The high impact styrenes come under that term. That term as such is not used particularly, but high impact styrene [346] would be a high impact plastic.

Q. What are the properties of a high impact styrene?

A. The impact strength of polystyrene has been greatly increased by modification of the original polystyrene by various additives or copolymers to produce a product capable of being molded and having much greater strength than the original polystyrene did.

Q. Is it well known in the trade today that you can modify polystyrene with a copolymer such as one of butadiene and styrene?

A. Yes, there are several commercial molding compounds on the market.

Q. Do you have a publication which lists some of these compounds that you are talking about?

A. Yes. The book *Synthetic Rubber*, which is actually a publication sponsored by the Division of Rubber Chemistry of the American Chemical Society, with Dr. G. S. Whitby, editor in chief, published in 1954, lists on page 644 commercial brands of high styrene resins and related materials produced commercially, and gives a matter of 29 different compounds in that classification.

(Testimony of Raymond B. Stringfield.)

Q. That is table XI?

A. Table XI, high styrene resins.

Q. Will you turn to page 632 of Whitby and would you read that chapter starting "Properties of High-Styrene Resin"? [347]

A. There is a paragraph on page 632 titled "Properties of High-Styrene Resins."

"The properties of high-styrene resins depend in large measure on the ratio of styrene to butadiene employed in their manufacture. A polymer containing equal amounts by weight of the two monomers appears to be a rubber at room temperature, although certain characteristics in its cured stocks, such as resilience, heat buildup, and low-temperature flexibility, are much poorer than in more truly rubberlike polymers, such as GR-S. As the proportion of styrene increases and that of butadiene decreases, the polymer becomes stiffer, less extensible, and harder, thus approaching the properties of polystyrene. If films are cast from latexes of various butadiene-styrene copolymers, it is found that the polymer must contain at least 25 to 30 per cent butadiene, to obtain a continuous film on drying at room temperature. Copolymers containing small proportions of butadiene (10 to 15 per cent) have the physical appearance of polystyrene but are less soluble and less brittle and have lower softening points. Other differences will be noted in a discussion of applications of these new resins. D'Tanni, Hess, and Mast have reported the latex and solid

(Testimony of Raymond B. Stringfield.)

polymer properties of a series of resins containing more than 50 per cent styrene." [348]

Q. Would you read the next paragraph, too, Mr. Stringfield.

A. "Storey and H. L. Williams studied, not only a series of butadiene-styrene copolymers having various monomer ratios up to ratios representing high-styrene resins, but also blends of these copolymers themselves and blends of them with GR-S. They found that beyond a styrene content of 50 per cent there occurred on vulcanization a fall in tensile strength and ultimate elongation and an increase in modulus. A copolymer from a 30/70 butadiene-styrene charge could not be flexed, and from a 20/80 charge the product resembled ebony. Latex blends of such polymers exhibited properties at least as good as those of blends made on a mill. The properties of blends were determined primarily by the total styrene content of the blend rather than by the composition of the specific copolymers blended."

Q. Mr. Stringfield, do you agree with the statements made in Whitby?

A. Yes, those are correct.

Q. Could you tell us when a copolymer such as a copolymer of butadiene and styrene is varied—when the styrene content is varied from, let's say, 99 per cent [349] butadiene to 1 per cent styrene away up to 1 per cent butadiene and 99 per cent styrene—could you tell us whether there is a gen-

(Testimony of Raymond B. Stringfield.)

eral point at which it ceases to be a rubbery material and becomes more of a resinous material?

A. There is no sharp point at which that occurs. As the styrene content is increased the material becomes stiffer, and the application of the low styrene materials are in the rubber range. Their first introduction, of course, being as synthetic rubbers, and the development of the synthetic rubbers included studies of the entire range of composition.

The GR-S that was settled upon was settled upon as a matter of a combination of properties that was desirable from a rubber standpoint which included the considerations of vulcanization. And in the range immediately above that, on up to 40 and 50 per cent, you have products which are vulcanizable but which become stiffer and have less elongation. So for most purposes they are not as suitable for rubbers, although the GR-S latex containing some 40 or 43 per cent styrene has been used extensively as a binder for papers and as backing for cloth, and things of that sort. But as the styrene content increases above 50 per cent, although there is no sharp dividing line, you are getting into a resin classification where the material is being used for its stiffening effect primarily, rather than for any vulcanization considerations, and that has led to the use of the high [350] styrene polymers containing 70 to 85 per cent of styrene for such purposes as the blending with rubber for shoe soles and for belt coverings, and for many purposes where a stiff composition is used, and in recent years has led to

(Testimony of Raymond B. Stringfield.)

their use as blends with polystyrene to greatly increase its impact resistance.

There enters into the picture, again, the fact that polystyrene is far different from GR-S rubber, or natural rubber, and inasmuch as vulcanization considerations were not indicated, a study of the range of properties that would be obtained with different percentages of styrene has led more recently to the development of high impact materials using lower percentages of styrene than were originally used for blends. And these have been found to be commercially satisfactory in their handling on molding equipment.

The Court: So that because of this change in resistance this synthetic material could be called a rubber resin, although it would be a contradiction in terms ordinarily?

The Witness: Yes, it is a rather loose term with no definite end point either way. The higher ones are very resinous, and the lower styrene contents are very rubbery.

In the early period of this, in the '46, '47, '48, there were practically only the two extremes, the GR-S at one end being rubbery and having 25 per cent styrene, actually—it actually ended up 23½ per cent due to not all the [351] styrene being polymerized and the excess being steamed out—and the first of the high styrene copolymers, which was Goodyear's pliolite S-3, which contained 85 per cent styrene and which was used for its stiffening purposes. And during those years the whole picture



(Testimony of Raymond B. Stringfield.)

was under Government control and there was very little work being done outside of the development laboratories on the intermediate ranges.

Q. Professor, would you state the range of styrene content in a high styrene butadiene-styrene copolymer?

A. I would consider that from 50 per cent up would be a high styrene butadiene copolymer, and from 50 per cent down would be a rubbery styrene copolymer, because of the fact that while there is no sharp break-off point there, the materials in the 40 to 50 per cent range have been used as rubbers, and I do not know of any such use in the ranges above that.

Q. Would you classify the range below 50 per cent as a low styrene content copolymer?

A. Yes, sir, I think that would be correct.

Q. And above 50 per cent as a high styrene content?

A. Yes, sir, I think that would be correct.

The Court: With that description, the low styrene content would result in a material that retains some of the qualities of rubber, is that correct?

The Witness: The copolymer itself is quite [352] rubbery, and introduced into rubber does not have the stiffening effect that is wanted in the uses that they use the high polymers.

The Clerk: There has been marked for identification Defendant's Exhibit T.

(The exhibit referred to was marked Defendant's Exhibit T for identification.)



(Testimony of Raymond B. Stringfield.)

Mr. Halle: I now offer Defendant's Exhibit T in evidence, your Honor. It is some pages photostated from the 1950 edition of the Modern Plastics Encyclopedia and Engineers Handbook, and it was published on or about June 16, 1950.

The Court: All right. It may be received.

(The exhibit heretofore marked Defendant's Exhibit T was received in evidence.) [353]

Q. (By Mr. Halle): I hand you these pages, Exhibit T in evidence, and I ask you whether you have had a chance to study this article entitled Styrene Polymers and Copolymers?

A. Yes, sir. I have read the article.

Q. Do you agree with the statements made in that article?

A. I think in general I would agree with them.

Q. Now, I ask you to look at page 754 and start reading from the last paragraph on that page.

A. "A new styrene-base copolymer was announced during 1949, which offers impact strength in the cellulosic range, plus excellent dimensional stability due to its low water absorption and the absence of plasticizers. Of particular note is its resistance to battery acids and gasolines. Initial applications have included battery cases and parts, housings for business machines and electrical appliances, tool handles, and vacuum cleaner parts.

"Another high styrene-butadiene copolymer has been blended with polystyrene to give tough, fairly transparent blends. The compounds are best made by mixing the resin and pigments on a heated mill

(Testimony of Raymond B. Stringfield.)

or internal mixer, although fairly good results have been obtained by simply blending the powdered resin with colored polystyrene molding pellets in a tumbling [354] drum just prior to injection molding. The company points out that polystyrene in such a combination contributes low cost, surface hardness, and glossy finish while the high styrene-butadiene copolymer gives higher elongation, impact strength, and good mold flow."

Q. Is there a footnote there that shows what product is being spoken about there?

Mr. Kirschstein: I object to that.

A. Yes.

Mr. Kirschstein: There were two products being spoken of.

The Court: It speaks for itself.

The Witness: In the second paragraph the high styrene-butadiene copolymer that has high impact strength is noted as Darex copolymer X-34, Dewey & Almy Chemical Company.

Q. (By Mr. Halle): Do you know what the styrene content in Darex X-34 is?

A. That is 85 per cent, according to the Dewey and Almy literature.

Q. And Darex No. 3 has a 70 per cent?

A. 70 per cent.

Q. This publication that you just read from, *Modern Plastics Encyclopedia and Engineers Handbook*, is this a [355] standard reference work in the plastics industry?

A. Yes. That is put out by the same company

(Testimony of Raymond B. Stringfield.)

which put out Modern Plastics, the magazine, and is an annual publication that summarizes developments of the year and tabulates the data of the industry and is widely accepted.

Q. I hand you Plaintiff's Exhibit 1 in evidence, which is a copy of the suit patent, and ask you whether you have had an opportunity to study that?

A. Yes, I have.

Q. I hand you, again, Defendant's Exhibit T in evidence, and with particular reference to that paragraph that you read about the high styrene-butadiene copolymer, which has been blended with polystyrene to give tough blends, and I ask you whether there is anything in Plaintiff's Exhibit 1, the suit patent, that teaches anything more than is said in that article?

A. As far as I have been able to find there is nothing in the suit patent which teaches anything more than that, because they give no percentage compositions, no direction for making the molding powder, any more than is given in that article.

The Court: When you are speaking of the patent, you are talking about the entire patent?

The Witness: Yes, that is correct.

The Court: The specifications and not merely the claims? [356]

The Witness: That's right.

The patent simply states that they add their Darex copolymer No. 3 to polystyrene and get a molded article with improved building strength, toughness and flexibility.

(Testimony of Raymond B. Stringfield.)

Q. (By Mr. Halle): Are there any molding instructions given in the specification of the patent?

A. No, there are no mixing instructions or molding instructions.

Q. And it is a fact——

A. And no percentage composition.

Q. It is a fact that no information is given other than the fact that they mix polystyrene with Darex No. 3 to get certain desired qualities?

A. That is correct.

The Court: Would a person from the use of this compound, copolymer, draw any inference as to percentages?

The Witness: No, I don't believe so. The patent doesn't give any percentages, and the article in the Modern Plastics catalog does not give any percentages. Anyone wishing to compound a compound of that type would have to experiment with various proportions of the polymer and also develop mixing methods for satisfactorily accomplishing the result. Even if he is skilled in the art that would involve quite a considerable amount of experimentation and testing to [357] develop a product that would answer the purpose.

The Court: In column 2, line 71, this appears:

"The 'Darex copolymer No. 3' above referred to is an elastic type of synthetic rubber resin, made by copolymerizing butadiene and styrene to produce a Buna S with a high styrene content."

Would that carry a meaning to one in the art?

The Witness: I think it merely says that it is

(Testimony of Raymond B. Stringfield.)

a high styrene copolymer. Otherwise it does not even there state the percentage of styrene in Darex No. 3.

That is available from the Dewey and Almy literature and is not made a secret at all by the Dewey and Almy Company. In fact, they have several publications on it.

Q. (By Mr. Halle): Mr. Stringfield, I hand you a copy of Plaintiff's Exhibit 2, which is the file wrapper of the patent, and I turn to page numbered at the bottom 57, which is the first page of an amendment, which was received by the Patent Office on April 7, 1955, and I point out to you at this portion it says:

"insert The 'Darex copolymer No. 3' above referred to is an elastic type of synthetic rubber resin, made by copolymerizing butadiene and styrene to produce a Buna S with a high styrene content."

That is the portion that the Judge just read to you from the specification of the patent, and in accordance with this [358] exhibit it shows that was first amended into the specification as of April 7, 1955. Now, prior to that amendment did the patent teach anything at all about the composition of the copolymer?

You may look at the patent, and we will remove that portion that was just read starting at line 71, I believe, in column 2, and ending——

The Witness: There is a mention of Darex No. 3 further up in the column.



(Testimony of Raymond B. Stringfield.)

Q. A mere mention of the product as Darex No. 3, but removing those four or five lines, is there anything in the patent showing what Darex No. 3 is?

A. No, there is no mention of the composition of Darex No. 3, or of the amount used.

Q. Now I hand you Defendant's Exhibit M, which is a copy of Modern Plastics magazine for December 1948, and I ask you to read that portion "Molding High Styrene Resins," on page 190 of the magazine.

A. "Referring to a series of articles in Modern Plastics last summer concerning the development of high styrene-butadiene resins, the following letter has been received from the Dewey and Almy Chemical Company, a producer of that resin:

"We should like to point out that the designation which you used, Darex, is Dewey and Almy's [359] trademark for most of their products. The high styrene resins should have been referred to as Darex copolymers No. 3, X-34 and X-43.

"Your article mentioned that the high styrene copolymers had not been successfully injection molded. We might point out that one of the first plastic products made from Darex copolymer X-34 was an injection molded fluorescent light fixtures which you show in your Modern Plastics Encyclopedia. Since that time we have also made poker chips, coasters, and a variety of other products.

"Our more recent work has been to use Darex copolymer X-34 as an extender and plasticizer for



(Testimony of Raymond B. Stringfield.)

polystyrene in order to make the latter material useful in applications where ordinarily it would be too brittle. The X-34 greatly improves the impact strength.' Signed K. M. Fox, Organic Chemicals Division, Dewey and Almy Chemical Company, Cambridge 40, Massachusetts."

Q. Now, sir, does that article which bears the publication date on the magazine of December 1948—does that teach how to modify polystyrene with a high styrene copolymer?

A. Yes. Copolymer X-34 is a high styrene copolymer, and it says that they have been using it to increase the impact strength of polystyrene. [360]

Q. Now, I will use Mr. Miller's language for a moment and I will ask you considering what he testified to about a Buna S with a high styrene content, does that also teach modifying polystyrene with a Buna S with a high styrene content?

A. Definitely. If you call the high styrene resins Buna S resins, X-34 is a Buna S with a high styrene content.

Mr. Halle: I offer the magazine in evidence, your Honor.

The Court: It may be received.

The Clerk: M received.

(The exhibit heretofore marked Defendant's Exhibit M was received in evidence.)

Mr. Halle: I have offered some exhibits which I did not have copies of, and I would like to have permission when we are through today to withdraw

(Testimony of Raymond B. Stringfield.)

them and make photostats of them so we may retain the original volume.

Mr. Caughey: That is entirely satisfactory.

The Court: That may be done, and substitutes may be photostated. And any books, there is no use to leave the books.

Mr. Halle: We will make photostat copies of the pages referred to.

The Court: Where the paragraph was small and was read into the record there is no need to leave the book at all. [361]

All right. Go ahead.

Did I hear you say that the terminology "Buna S" is not used any more at the present time?

The Witness: It is practically obsolete at the moment, because it referred to the old sodium polymerization that the Germans developed, and we are using different catalysts at the present time. [362]

\* \* \* \* \*

#### Direct Examination—(Resumed)

Q. (By Mr. Halle): Mr. Stringfield, I give you Defendant's Exhibit A for identification—just a moment. I don't believe this is in evidence yet. I would like to offer Defendant's Exhibit A, which is the Goodrich patent, in evidence.

The Clerk: May it be received, your Honor?

The Court: Yes, it may be received.

Mr. Caughey: For what purpose, may I ask, is it being offered?

Mr. Halle: It is being offered for every purpose that I can use it for. As prior art—

(Testimony of Raymond B. Stringfield.)

The Court: Is that one——

Mr. Halle: That is one we agreed upon in our prior [363] art list between counsel, that could be used as a prior art patent.

Mr. Kirschstein: We agreed there would be no objection to the use of a soft copy of it. There was no other agreement regarding this or any other prior art.

The Court: Has statutory notice been given that this is one of the patents you are pleading as anticipation?

Mr. Halle: We served interrogatories on the other side, and we also made a stipulation that all patents mentioned in the interrogatories could be used as if they were amended into the Answer, as notice of prior art.

Mr. Kirschstein: We are raising no objection on lack of notice, your Honor.

The Court: I beg your pardon?

Mr. Kirschstein: We are raising no objection on the ground that we didn't have sufficient notice. We are not raising objection on that ground.

The Court: What is your objection, then?

Mr. Kirschstein: The patent issued after the filing date of the suit patent. I believe that it is only admissible on the issue of prior invention; not on any other issue.

Mr. Caughey: It is not a publication, sir.

Mr. Halle: I will concede that it is not a publication prior to the filing date.

The Court: All right. Let it be received. The

(Testimony of Raymond B. Stringfield.)

[364] scope may be limited. I haven't the time to stop now and look at your interrogatories. Concededly it is introduced to show what—the status of the art?

Mr. Halle: As an anticipation under the well settled law——

The Court: Under that subdivision described in the patent?

Mr. Halle: That is right. 102E, I believe.

Mr. Caughey: 102E.

The Court: All right. It may be received.

(The exhibit heretofore marked Defendant's Exhibit A was received in evidence.)

Mr. Caughey: It may be received, your Honor, with the understanding that we don't agree that it can serve as an anticipation, if your Honor please.

The Court: I will say as bearing upon the art. Can we do it that way?

In many of these, in the Ford Alexander case, I think we had a book of about 60 of prior art, and I picked out about three that were the best references.

You know in every lawsuit a lot of patents are offered, and ultimately it becomes a question for the court to determine whether they are anticipatory or not.

When I reach that stage then I pick out the best references. Many a time, as you know, I ask counsel to [365] indicate what the best reference is.

So we need not discuss at the present time what bearing it has on any of the defenses that are

(Testimony of Raymond B. Stringfield.)

being made here. It is just being received as germane to the inquiry as to the validity of the patent.

They didn't plead all the 29 that Walker has, but most of them they did, the usual defenses.

Mr. Halle: Your Honor, I will simplify proceedings to this extent: This is the only patent that I will put in evidence and rely on as anticipation. I won't put any other patents in evidence.

The Court: All right.

Q. (By Mr. Halle): Mr. Stringfield, you heard the definition given yesterday by Mr. Miller for a copolymer with a high styrene content, and if my recollection serves me correctly it could mean anything with a styrene content above 25 per cent. Now, using that definition as a basis for these questions that I am going to ask you, I would like to ask you whether this patent, Defendant's Exhibit A, teaches modifying polystyrene with a butadiene-styrene content with a high styrene content in the copolymer?

A. In column 5, examples V and VI, both teach the use of a copolymer of butadiene with styrene in proportions of 50-50, and under Mr. Miller's definition that would be a high styrene copolymer in that it is above the normal percentage of [366] GR-S rubber.

Q. Does the Coleman patent, which is at issue herein, describe anything further than is described in examples V and VI? When I say "examples V and VI," I am referring to column 5 of Defendant's Exhibit A.



(Testimony of Raymond B. Stringfield.)

A. No; the Coleman patent merely says:

“\* \* \* an elastic type of synthetic rubber resin, made by copolymerizing butadiene and styrene to produce a Buna S with a high styrene content.”

So that would, I believe, come under the same definition.

Q. Does the Goodrich patent, Defendant's Exhibit A, have any claims claiming the construction of a composition of polystyrene modified by a copolymer of a Buna S with a high styrene content, in accordance with Mr. Miller's definition?

A. Yes. Claims 5 and 6 both refer to the use of high styrene copolymers between 20 and 50 per cent of styrene.

Q. That is in claim 5?

A. That is in claim 5.

Claim 6 calls for equal parts by weight of combined butadiene and styrene.

Claim 7 calls for the same thing.

Q. So that both claim 6 and claim 7 claim a product made of polystyrene modified by a copolymer with equal parts of butadiene and styrene?

A. Yes. [367]

Q. And under Mr. Miller's definition that would be a copolymer with a high styrene content?

A. Yes.

Q. Let's get back to the definition that you gave this morning. That is a copolymer with more than 50 per cent styrene would be one with a high styrene content, and a copolymer with less than



(Testimony of Raymond B. Stringfield.)

50 per cent styrene would be one with a low styrene content. Am I correct in stating that definition?      A. Yes, I would say that.

Q. Now, I will ask you to look at Plaintiff's Exhibit 63 in evidence. This is the stipulation about the contents of both the plaintiff's and the defendant's products. I ask you to look at paragraph 4a on the second page, and it states there that from about October 1951 until about July 1952 frames manufactured and sold by plaintiff were composed of a physical mixture consisting of a predominant amount of polystyrene and a minor amount of a copolymer known as Darex copolymer No. 3, sometimes with and sometimes without a minute amount of inorganic filler. The Darex copolymer No. 3 consisted of butadiene in the range of 30 per cent by weight and styrene in the amount of 70 per cent by weight. Now, would that copolymer in the combination of polystyrene and Darex No. 3, would that copolymer be a copolymer with a high styrene content or low styrene content?

A. In my opinion that is a high styrene copolymer.

Q. Now, I direct your attention to paragraph 4B where it states:

"From about July 1952 until about November 1952 plastic battery hold-down frames manufactured and sold by plaintiff were composed of Bakelite brand TMD 2155 only (this material at the time being known as BMSQ 155), the combination of this material being that defined in paragraph 2 hereof."

(Testimony of Raymond B. Stringfield.)

Now, I direct your attention to paragraph 2, that portion which reads as follows:

"The composition of Bakelite brand TMD 2155 is as follows:

"It is composed of a physical mixture consisting of a predominant amount of polystyrene, a minor amount of a copolymer of butadiene and styrene, a small fraction of anti-oxidant, and a small amount of pigment. The copolymer consists of butadiene in the range of 58 per cent to 62 per cent by weight and styrene in the range of 38 per cent to 42 per cent by weight."

Now, in your opinion, is that copolymer a high styrene content copolymer or low styrene content?

A. I would call that a low styrene copolymer.

Q. I again direct your attention to paragraph 4c. Again referring to the plaintiff's product and referring [369] particularly to a product by Monsanto Chemical Company, I read as follows:

"The last mentioned composition is at present designated Lustrex Hi-Test 89 and was formerly known as LT-1173 Red P 61-235-2 Lustrex LT and Lt-1173 Red PIB-2 Lustrex LT. The composition of the Monsanto material is as follows: It is composed of a physical mixture consisting of a predominant amount of polystyrene and a minor amount of a copolymer of butadiene and styrene. The copolymer consists of butadiene in the range of 60 per cent to 50 per cent by weight and styrene in the range of 40 per cent to 50 per cent by weight."

(Testimony of Raymond B. Stringfield.)

Now, in your opinion, sir, is that copolymer a high styrene copolymer or a low styrene copolymer?

A. I would call that a low styrene copolymer.

Q. I again direct your attention to Defendant's Exhibit A, that is the Goodrich patent, and ask you to look at claim 5, and I will read the last portion of that claim. It speaks about a molded battery container comprising a homogeneous mixture of high molecular weight polystyrene with from one-tenth to one-third its weight of a rubbery copolymer consisting of 50 to 80 per cent by weight of butadiene and 20 to 50 per cent by weight of styrene.

Now, I ask you to consider that the Bakelite product [370] TMD 2155 has a copolymer with the styrene in the range of 38 to 42 per cent. My specific question is this: Does the Bakelite material come within claim 5? A. Yes, it does.

Q. I just want to show you Defendant's Exhibit K in evidence, and I would like to read a portion to you and ask you whether you agree with it. This is the 1956 Modern Plastics Encyclopedia and Engineers Handbook, page 157, and I am going to read this portion from the middle of the second column on the page from an article by Donald S. Black:

"The most common and widely used of the synthetic rubbers today is the copolymer of butadiene and styrene—GR-S (Government Rubber Styrene).

"Butadiene and styrene are reacted in a range of ratios between virtually 100 per cent butadiene to 50 per cent butadiene/50 per cent styrene. With

(Testimony of Raymond B. Stringfield.)

products containing higher levels of styrene the polymer takes the form of a resin rather than an elastomer."

Do you agree with that statement?

A. Yes, sir, I would agree with that in general. There is no sharp dividing line, but products having over 50 per cent styrene are definitely harder and more resinous.

Mr. Halle: I have no further questions, your Honor.

The Court: All right. Cross examine. [371]

#### Cross Examination

Q. (By Mr. Kirschstein): GR-S is Buna S, is it not?

A. Yes, it comes within the general class of Buna S, although that term is practically obsolete at the present time.

Q. Was that term "Buna S" practically obsolete in 1949?

A. Yes. It was used occasionally, but it is simply a carry-over from World War I.

Q. I hand you a copy of the Dewey and Almy bulletin, Defendant's Exhibit J. That bulletin you will agree is devoted to a description of an item known as Darex copolymer No. 3.

A. Yes.

Q. Does not that bulletin describe that substance as a rubber?

A. It describes it as a special purpose—as one of a series of special purpose rubbers and resins, which Dewey and Almy are preparing.

(Testimony of Raymond B. Stringfield.)

Q. Does it describe it as a rubber, in your opinion?

A. It specifically mentions resin. Darex copolymer No. 3 is an elastic type of synthetic rubber-resin made by copolymerizing butadiene and styrene to produce a Buna S—they use that word—with a high styrene content.

Q. Are resins, as you understand the term, vulcanizable?

A. There are some resins that are vulcanizable. Belata, [372] for instance, is considered resin more than rubber, but it again is in that general intermediate classification. A resin can be either vulcanizable or not vulcanizable.

Q. Isn't it a fact that the capacity to be vulcanized is characteristic of rubbers in general?

A. The phenomena of vulcanization is one that is applied to rubbers to produce products having certain qualities, and most of the uses of resins do not particularly need vulcanization.

On the other hand, there are a large number of resins that are used as compounding ingredients in rubber to modify their characteristics, both in the uncured and the cured conditions to make rubber process more smoothly, to make it harder or softer in its vulcanized condition.

There are compounding ingredients that are widely used, and there is no sharp line between them.

Q. Is vulcanizes or vulcanizing a term in the rubber industry?      A. Yes.



(Testimony of Raymond B. Stringfield.)

Q. What does that term refer to?

A. That term refers to a cross polymerization in which a basic material which has some double bonds present is linked, usually with sulphur, but occasionally with other compounds, to form a thermoset mixture, and usually—I should say a thermoset article, and usually an article which has appreciable [373] elasticity, although in the case of some hard rubbers that elasticity is very small.

Q. But most rubbers are vulcanized before they can be used, isn't that true?

A. In the big majority of cases, although there are a number of cases where unvulcanized rubbers are used, such as adhesive tapes and the industrial tapes, and certain gasket materials, and so forth.

Q. In most cases they are vulcanized, is that your answer?

A. In most cases rubber products are vulcanized, yes.

Q. Doesn't this bulletin teach the vulcanization of Darex copolymer No. 3?

A. Yes. This bulletin teaches the admixture of Darex copolymer No. 3 with other softer rubbers, and the later vulcanization of the mixture, and Darex copolymer No. 3 contains a small amount of double bonds, relatively small, and therefore is a vulcanizable material and vulcanizes along with other rubber in that particular application.

Q. Doesn't the bulletin also teach the use of Darex copolymer No. 3 by itself?

A. I am not sure.



(Testimony of Raymond B. Stringfield.)

Yes, sir, I believe it does.

Q. Where do you find that?

A. Under "Properties," where it mentions in the paragraph [374] "Properties": "For highest resistance to ozonolysis by high frequencies it should be compounded and vulcanized."

Q. It also says in that paragraph that it has been used alone as extruded insulation for radio and electronic equipment; isn't that true?

A. Yes.

Q. And isn't that a use of the material as a rubber?

A. Yes, sir, that's right. All of these high styrene copolymers have been used for such things as insulation, where they want a stiff product, and some of those uses they are vulcanized and used alone.

Q. And they are used as rubbers?

A. Yes, of that type.

Q. If you will turn to the second page of the bulletin. Refer to the paragraph "Processing." Doesn't that describe a process of compounding rubber?

A. Yes, it does.

Q. You would agree, would you not, therefore, that Buna S's with styrene contents over 50 per cent are and have been treated as rubbers in the industry?

A. They are compounding ingredients which are used in the rubber industry, and sometimes used alone, yes.

(Testimony of Raymond B. Stringfield.)

That is an entirely different use than their use in the plastics industry.

Q. But they are treated as rubbers, is that not true? [375]

A. They are one of the vulcanizable compounds, and they themselves take place in vulcanization, so they can be said to be rubbers for that purpose, although they have resinous characteristics.

Q. I ask you if they are treated and called rubbers?

A. Yes, sir, that word is used.

Q. Wasn't Pliolite S-3 known as a rubber in 1949?

A. The only use for Pliolite S-3 that I know of in 1949 was as a rubber compounding ingredient, so that although it is recognized that it was a specially treated resinous rubber, it was used in rubber compounding and thought of as a specialty rubber. Resinous rubber, however.

Q. I believe you testified that this dividing line that you drew of 50 per cent between the high Buna S and the low Buna S was not a definite line; is that true?

A. There is no sharp line. The rubber manufacturers list no GR-S's that have over 50 per cent styrene in them, and the only use for the ones that are up in the 40 to 50 per cent range that has amounted to any tonnage has been in the latex form where they are using them for adhesives. The lower styrene copolymers being more useful for flexible rubbers.

(Testimony of Raymond B. Stringfield.)

Q. I believe your answer to my question was that the line isn't definite. Is that right?

A. That is right. [376]

Q. How flexible is this definition? How about 46 per cent styrene, is that a low or a high Buna S?

A. By picking this arbitrary point I would say that that is a low Buna S, because it is rapidly becoming a low styrene Buna S, if you want to use that term, because it is rapidly becoming more rubbery as the percentage of styrene is decreased.

Q. But you testified that the line you drew was not a definite one, so I am trying to find out how much lower or higher than 50 per cent you would go, if the 50 isn't definite. Could you within your definition go as low as 46 and still call it Buna S with a high styrene content?

A. The rubbers between 40 and 50 are considered pretty rubbery, so if you were going to draw a line at all and make a line of demarcation, I would say that those are low styrene rubbers.

Q. What I am trying to find out is how rigorous that line of demarcation is. In other words, are you prepared to say that 49 per cent styrene is a low Buna S and 51 is a high Buna S?

Do we have any range in there?

A. I don't think that you can pick a definite point any more than you can say on a spectrum where you begin to run from red to orange. You have a change that is so gradual that there is no specific point. When you get over into 70 per cent

(Testimony of Raymond B. Stringfield.)

styrene you definitely have a high styrene content.

[377] When you get down to 25 to 40 per cent styrene, you definitely have a low styrene content.

Q. How about 42 per cent?

A. Well, that is closer to the low than it is to high. I would say it is definitely a low styrene content.

Q. When you were giving a definition were you referring to the charge of the latex or to bound styrene content?

Q. You don't mean the charge of the latex. You mean the charge of the raw ingredients in making the polymer.

Q. That is what I mean.

A. The charge of the raw ingredients in making the polymer is always a little bit higher than the actual composition of the powder—of the polymer, I should say. Actually you will find in the normal GR-S they charge 25 per cent styrene and come out with a polymer that averages about 23½. Because some of the styrene is not polymerized and some of the butadiene is not polymerized, and that is removed at the termination of the reaction, and the resulting compound has about 23½.

You will find the same thing if they charge 50-50, the resulting compound, depending on just how far it is carried, will have somewhat less than 50 per cent styrene ordinarily.

Q. If you charge 50-50 you probably would end up with a 45——

A. About a 42 to 45 or thereabouts. [378]

(Testimony of Raymond B. Stringfield.)

Q. Let me ask you about a 50-50 charge. Is that a Buna S with a high styrene content?

A. Inasmuch as you are making a rubbery product, I think that is about the line that you want to draw for a GR-S with a low styrene content.

You certainly are charging far above that when you are making polymers with the 70 to 85 per cent styrene.

Q. I take it that your definition which you have drawn is totally unrelated to standard GR-S, isn't that correct?      A. What per cent?

Q. Standard GR-S under your definition is a low styrene Buna S, is that right?

A. GR-S is the term that is referred to in making the Government rubbers, and the most common GR-S that was used during the war and that is still used is in the 25 per cent range.

There is a slight difference between the GR-S which is made by the so-called hot process at 122 degrees Fahrenheit, and the cold process at 40 degrees Fahrenheit. But those are rubbers that were made in the Government synthetic plants.

Now, the work on the high styrene copolymers was all done independently by these various companies. It was not that they didn't do experimental work, but there were no high styrene copolymers put out by the Government program. They were put out by individual companies. The first one that was [379] on the market was the Pliolite S-3, which was put out by Goodyear, and that was followed

(Testimony of Raymond B. Stringfield.)

by the Dewey and Almy copolymers and later by some of the others.

Q. Suppose we took GR-S, the all purpose rubber, the 25 per cent, as our standard, wouldn't it be true that those rubbers with a substantially higher content than 25 would be high styrene content Buna S's, and that those——

A. I would not use the word "Buna S."

That is being used incorrectly there, and they are not considered high styrene rubbers because they are too flexible. There is a slight difference in properties. But you can go up to 30, 35 per cent there and still have a rubbery product that will actually make a good tire. But it was not selected under the combination of properties that was wanted.

Q. I would like you to listen to my question and I will ask it again.

If you take GR-S as a standard, 25 per cent styrene, if that were the standard wouldn't it be true that Buna S's or GR-S's, if you will, with a substantially higher styrene content, would be high styrene Buna S's in comparison to the standard?

A. They would be higher than the standard, yes.

Q. And those below would be low?

A. Assuming that you take that for a standard, yes.

Q. That is what I am assuming. [380]

A. Yes.



(Testimony of Raymond B. Stringfield.)

The Court: You would have to call it intermediate?

The Witness: It depends on whether you are considering the whole field of butadiene-styrene copolymers or whether you are considering the GR-S rubbers. The GR-S rubbers can be taken as high or low around the GR-S which is the most used, but the whole field involves polymers going up as high as 95 per cent.

The Court: And you feel to take that GR-S as a standard is not proper because that is a rubber standard and isn't a resin standard; is that correct?

The Witness: That is right. And because those rubbers are used for quite different purposes than the original high polymers.

In fact, there were none of the intermediate range polymers being used in the early stages of this prior to along in 1948 or thereabouts.

Q. (By Mr. Kirschstein): Mr. Stringfield, you just said, I believe, if you take it on the basis that they are used for different purposes. That is why you don't want to take the GR-S standard with 25 per cent as the standard, isn't that right, because you are talking about different purposes between rubbers and resins—isn't that correct?

A. We are talking about copolymers of butadiene and styrene, and there is no particular reason for picking GR-S [381] as a standard base above which you are going to say one is high and the other is low. GR-S is nothing but a synthetic

(Testimony of Raymond B. Stringfield.)

rubber and doesn't bear any particular significance to the uses for which the high styrene copolymers were introduced.

Q. But isn't it a fact, Mr. Stringfield, that the literature you, yourself, have testified as to shows these 70 per cent copolymers and the 40 per cent copolymers used for the same purpose to modify polystyrene?

A. Later.

Q. Later, but it shows it, isn't that true?

A. The 70——

Q. And it does not show 25 per cent being used?

A. Let me quote from the *India Rubber World* of October 1946, page 66, which is Defendant's Exhibit L, in the first paragraph:

"In this classification of high styrene copolymer resins are found resins which have styrene-diolefin ratios"—that means butadiene—"ranging from 70 per cent styrene to under 95 per cent styrene. The general properties and uses of these resins in rubber compounds have been discussed in the literature."

This is written by Sell and McCutcheon, who are in the chemical products development division of the Goodyear Tire & Rubber Company, and who obviously at that time considered the high styrenes with 70 to 95 per cent styrene [382] copolymers.

Q. Let's go back to my question.

You have presented literature going back I believe to '48, at least, showing what you consider a high styrene copolymer being used to modify polystyrene; isn't that true?

A. Yes.

(Testimony of Raymond B. Stringfield.)

Q. And the Bakelite material, which apparently was available in 1952, shows a copolymer of 38 to 42 being used for the same purpose, isn't that true, to improve the qualities of the polystyrene?

A. Yes, the Bakelite literature shows, that they used about a 40-42 per cent copolymer as a compounding ingredient in polystyrene in—whatever that early date was.

Q. '52, I believe, is the earliest we have. That is in the stipulation. A. Yes.

Q. That is the same use of the copolymer as the use of the Darex copolymer that is shown in the other literature, isn't that true?

A. Yes, that is used in polystyrene for the same purpose.

There is nothing to show whether the percentage used is the same or not, and there are no comparative figures given as to impact resistance. But that copolymer of about 42 per cent styrene is used for the same purpose as the earlier [383] copolymers of 70 to 85 per cent polystyrene were used, but is a later development.

Q. These two copolymers, one in the 70's, and one in the high 30's and low 40's, are used for the same purpose——

A. To make high impact polystyrene.

Q. And they both are substantially higher than standard GR-S, the 25 per cent copolymer, that is not shown used for that purpose, isn't that true?

A. That is right.

Q. Your definition of the difference, or your

(Testimony of Raymond B. Stringfield.)

basis for drawing your line at 50 per cent, is because the more rubbery materials under 50 are used for different purposes than what you call the more resinous materials above 50; isn't that right?

A. Yes, that is right. The bulk of the usage of the materials under 50 per cent has been for rubber purposes, but after this later development there is some usage for the material around 40 per cent, taking over a use that was originally confined to the high styrene copolymers.

Q. Isn't it true, though, that as far as the purposes that we are concerned with here, which is to modify polystyrene, the standard that should be taken is the standard GR-S?

A. I don't know as you can say that.

Q. You don't agree with that?

A. No. You are talking about synthetic resins and not [384] talking about rubbers.

Q. Whether you call them resins or rubbers, they are both used for the same purposes as far as modifying polystyrene?

Mr. Proujansky: I object to that as already answered. There is no use going over this time and time again.

The Court: That is all right. It is proper cross examination.

You may answer.

Mr. Kirschstein: Would you read the question.

(Question read by the reporter.)

The Witness: Yes, in the plastics industry they are both used for the same purpose.

(Testimony of Raymond B. Stringfield.)

Q. Now, the term "high impact polystyrene," I take it, is one that has meaning to you?

A. Yes.

Q. What is the earliest high impact polystyrene you know of?

A. The first one that I know of was Dow 475, which came on the market about 1947 or '8.

Q. So——

A. There is an article in one of the journals which tells when Dow polystyrene came on the market. It was made in a different manner.

Q. How was it made?

A. It was made by adding additional amounts of styrene [385] and butadiene monomer to partially polymerized styrene, so as to get a different effect from what you would have if you started with the entire batch and carried on the polymerization at the same time, and therefore does not come under the exact patent, but was a large improvement in the art at that particular time.

Q. In other words, it was a chemical compound, not a physical mixture?

A. That's right.

Q. Let me confine my question. When did the first high impact polystyrene that was a physical mixture of polystyrene and something else come on the market, and what was the something else?

A. The December 1948 India Rubber World, which is in evidence. No. The December 1948 Modern Plastics.

The Clerk: Exhibit M.



(Testimony of Raymond B. Stringfield.)

Q. (By Mr. Kirschstein): That is the one you testified from before?

A. Yes. That mentions the fact—December 1948 *Modern Plastics*, on page 190, mentions the fact that the Darex copolymer X-34 has been used as an extender and plasticizer for polystyrene in order to make the latter material useful in application where ordinarily it would be too brittle.

That is in this letter from K. M. Fox of Dewey and Almy. [386]

When they put that first on the market as a compound I do not have a date, but this was published in a journal of circulation in December 1948.

Q. This is a letter from Mr. Fox?

A. From Mr. Fox to the magazine.

Q. Do you know whether the material that he is referring to has a name or had a name?

A. No, I do not know.

Q. Do you know whether it was a successful material?

A. No, I do not know.

Q. And you don't know—

A. I know that high impact styrenes became available shortly around that period, because the toy manufacturers in particular were troubled—

Q. The what?

A. The toy manufacturers were greatly troubled by breakage of styrene toys and other styrene articles, and had been very anxious to get styrene of higher impact, it being the cheapest molding powder available for making toys.



(Testimony of Raymond B. Stringfield.)

Q. Did Bakelite have a high impact polystyrene in 1948?

A. I don't know the date that Bakelite TMD 2155 came out, exactly. It was not long after that.

Q. It was not long after that? A. No.

Q. What is the first successful high impact polystyrene made by physical mixture of rubber and polystyrene that you know of?

A. Monsanto had a Lustrex compound, and Bakelite had their 2155, and I don't know just which one came on the market first. And there may have been some experimental numbers that were used during that development period that there was a lot of activity around about that time.

Q. What is that time? What is the earliest recollection you have of such a compound being out? A. Around 1949.

Q. Do you have anything that can substantiate that statement, besides your recollection?

A. I am not sure—I don't believe I have anything personally that I can lay my hand on at the moment. I do not have any data personally from Bakelite as to when they put those on the market, although I was involved in a case involving high impact styrenes that referred to that data some time ago.

Here is—is this in evidence (indicating)?

Q. Let me ask you a question: Do any of the references of any kind about which you testified on direct show the Bakelite or Monsanto material

(Testimony of Raymond B. Stringfield.)

as being available at the time you [388] indicate, namely, around 1949?

A. No, I believe not. This bulletin of the Bakelite molding materials talking about TMD 2155 says that it was introduced by the Bakelite Company in 1951.

Q. That is what the bulletin says?

A. Yes.

Q. That is two years later than you testified before, isn't that right?

A. Yes. I think that in all probability any earlier material that was available was experimental samples except for Dow's 475, which did come on the market earlier and which was a chemical combination, rather than a physical mixture.

Q. That composition doesn't have anything to do with this particular situation?

A. I believe Dow 475 is not pertinent to this case.

Q. Does the bulletin indicate when in 1951 they came up with this material?

A. No, it does not.

Q. Coming back to the 1948 Modern Plastics Reference that we were just speaking of, that letter from Mr. Fox, does that article give you any information about the proportions of the copolymer and the polystyrene?

A. No, it does not.

Q. Does it give you any suggestion or does it teach the use of that material for anything? [389]

(Testimony of Raymond B. Stringfield.)

A. For applications where ordinary polystyrene would be too brittle.

Q. Does it teach the application of the material to any particular thing?

A. No. It merely says to make the material more useful in applications where ordinarily it would be too brittle. Copolymer X-34, of course, is known as an 85 per cent styrene copolymer.

Q. If you will look at the 1950 Modern Plastics Reference, please.

A. I do not have that here.

Q. It is that one.           A. Yes.

Q. If you will look at the first paragraph which you read on page 754, the right-hand column, "A New Styrene-Base Copolymer."

A. This is Defendant's Exhibit T and is the Modern Plastics Encyclopedia and Engineer's Handbook of 1950, page 754.

Q. If you will look at the first paragraph you read, that refers to a copolymer, is that correct?

A. Yes, a copolymer blended with natural or synthetic rubber, not with polystyrene.

Q. Blended with natural or synthetic rubber, and it suggests what that can be used for, is that correct? [390]

A. It suggests that it has high impact resistance, low water absorption.

In the next paragraph it suggests——

Q. No, no. The same paragraph, sir. Doesn't it say, "Of particular note is its resistance to battery acids"?

(Testimony of Raymond B. Stringfield.)

A. No, it doesn't say battery acids in that paragraph.

Q. On the next page in the same paragraph it says "Initial applications have included battery cases"?

A. Which page are we talking about now?

Q. I will show you. Here is the paragraph I am talking about, and here is the statement up here.

A. Yes.

The Court: It is part of the same article, isn't it, sir?

The Witness: Yes, it is.

Q. (By Mr. Kirschstein): Now, referring to the second paragraph you read, which spoke about a blend, first of all does that paragraph suggest any article that the blend can be used for?

A. Yes, it suggests that it is useful for textile spools, chemical buckets, photographic trays, chemical piping, and other uses where hard rubber was formerly employed.

Q. I am talking about the second paragraph you read, which is the first complete paragraph beginning on page 755, which says, "Another high styrene butadiene copolymer has been [391] blended with polystyrene." Do you see the paragraph I mean?

A. Yes, I see.

Q. Does that paragraph suggest any use for the material it is speaking of?

A. No, it doesn't suggest any specific uses in that paragraph.

Q. Isn't it true that the other materials referred

(Testimony of Raymond B. Stringfield.)

to in this article are all tied up with specific uses?

A. They seem to mention specific uses in most cases. I haven't checked every one of them, but they give properties and suggest a use or two.

Q. But in this case they don't suggest any use, do they?

A. They don't in that particular paragraph.

Q. Is there any indication of a commercial name for the blend itself?

A. Not the blend itself, no. They merely mention the copolymer X-34 and say that it has been blended with polystyrene to give tough transparent blends.

Q. Does it give any proportions of these blends?

A. No.

Q. Isn't it true that you could have over 50 per cent of the copolymer in such a blend under this description?

A. They give no proportions, so you would have to experiment to get properties that you want.

Q. But could you under this description as a blend have a mixture that would have over 50 per cent of the copolymer and less than 50 per cent of the polystyrene?

A. Yes, I presume you could.

Q. Now, let me ask you this: If you have less than the 50 per cent of the polystyrene, it would not be a modified polystyrene, would it; it would be a modified copolymer?

A. I suppose that would be correct, yes.

They do not call it a modified copolymer, they

(Testimony of Raymond B. Stringfield.)

just say it is blended with polystyrene to give tough, fairly transparent blends.

Q. You don't know which it is, though?

A. It might be either one.

Q. The suit patent refers to polystyrene modified by a copolymer, doesn't it? A. Yes.

Q. So that material definitely is polystyrene predominantly, isn't that true?

A. This paragraph further down——

Q. Would you please answer my question?

A. Yes, sir, your suit patent definitely refers to polystyrene modified with a copolymer, that is correct.

Q. You were going to point something out.

A. Further down in the paragraph it says:

"The company points out that the polystyrene [393] in such a combination contributes low cost, surface hardness, and glossy finish while the high styrene-butadiene copolymer gives higher elongation, impact strength, and good mold flow."

Therefore you would presume that they are talking about modifying polystyrene with the copolymer, rather than modifying the copolymer with polystyrene.

Q. Why is that?

A. Because it points out that the polystyrene in such a combination contributes the low cost surface hardness, and so forth, that it is the cheaper of the two materials.

Q. Doesn't it also say that the high styrene butadiene copolymer contributes certain qualities,



(Testimony of Raymond B. Stringfield.)

also? A. Yes, sir, that's right.

Q. Why not take that as the major ingredient? The answer is that you can't tell from the reference, isn't that true?

A. I think that is probably technically correct.

Q. Coming to Defendant's Exhibit A, that is, the Ditz patent, I believe you will note that patent is assigned to Goodrich. A. That is right.

Q. Are you familiar at all with the Goodrich Company? A. Quite so, yes.

Q. They make finished products, isn't that true? [394] I mean they don't manufacture molding powders like Bakelite supplies to others?

A. They do. Their chemical division manufactures a great many raw materials that are used in the rubber industry and sells them universally.

Q. I don't understand your answer.

A. The Goodrich Company has a subsidiary chemical division which supplies raw materials to the plastics people and the rubber trade.

Q. Do they make polystyrene molding powders?

A. The B. F. Goodrich Company itself, I believe, does not make polystyrene, but I believe they do make the molding powder TMD 2155, which is the blend.

Q. That is the Bakelite material?

A. I beg your pardon. They do not make that one. They supply a large amount of raw material to the rubber and the plastic trade. Now, whether that currently includes a reinforced polystyrene molding powder, I do not know.

(Testimony of Raymond B. Stringfield.)

Q. But in any event, they do make finished articles, that is certainly true, isn't it?

A. They make finished rubber articles. I do not believe they make any finished plastic articles.

Q. In other words, the article disclosed in this patent you wouldn't think was made by them, is that true?

Mr. Halle: I object to that question. [395]

The Court: He says he isn't familiar with their activities. He was asked if this has been reduced to practice.

The Witness: To the best of my knowledge, the B. F. Goodrich Company or its subsidiaries do not themselves make a battery box.

Q. (By Mr. Kirschstein): Do you know whether this material that is shown in the examples you refer to ever came on the market—that is shown in those examples you referred to?

A. I do not know whether that was ever put on the market by them under that patent.

Q. (By Mr. Kirschstein): Do you find that material in the 1950 Modern Plastics Reference? I take it you are familiar with that reference?

A. Yes.

Q. Did you find that material in there?

A. No, I do not find the material by Goodrich in there.

Q. If you will turn to page—I am afraid I will have to look at yours. My copy is distorted.

The Court: Do you want a short recess?

(Testimony of Raymond B. Stringfield.)

Mr. Kirschstein: I am almost done with this point, your Honor.

The Court: All right.

Mr. Kirschstein: I think I will be finished fairly soon. [396]

The Court: All right. We will have a short recess, then.

(Recess taken.)

The Clerk: All parties are present, your Honor.

The Court: All right.

The Clerk: Mr. Stringfield continues testimony.

Q. (By Mr. Kirschstein): On page 762 of this Modern Plastics Reference, in the right-hand column is a heading Other Butadiene Styrene Copolymers, and you will find I think in the fifth line Hycar OS-10. A. Yes.

Q. And the footnote c after Hycar refers to B. F. Goodrich Chemical Company? A. Yes.

Q. Is that correct? A. Yes.

Q. Further down in that column it describes Hycar OS-10 as a 50-50 butadiene styrene copolymer. A. Yes, this is correct.

Q. So the copolymer is shown? A. Yes.

Q. But not the mixture with polystyrene?

A. They make a number of copolymers that they sell as Hycar under different numbers to the trade, and I had forgotten about the OS-10 being one of them. It is not used in the [397] rubber industry very much.

Q. But the mixture of the copolymer and the polystyrene is not shown in this reference, is it?

(Testimony of Raymond B. Stringfield.)

A. That is correct.

Q. I take it you are familiar with these Bakelite and Monsanto materials, is that correct?

A. Reasonably so, yes.

Q. Does the polystyrene in these materials have improved heat resistance over plain polystyrene?

A. Which ones are you referring to specifically now?

Q. 2155 and Lustrex Hi-test 89. I believe I can give you the bulletins which describe these.

Handing the witness Exhibits 76 and 73.

A. Those have slightly improved heat resistance over the un-modified polystyrenes, but their main quality is an improved impact resistance.

Q. In other words, they have improved building strength and toughness?

A. Toughness in particular, yes.

Q. Mr. Stringfield, weren't there standard mixing methods for different rubbers with each other in 1951?

A. No, that is not the case for any type of a blend. You have to, by experiment, find the type of mixing which will do the best job, and the temperature at which it is done, whether you are doing it on a mill or in a Banbury mixer. [398]

Q. How about polystyrene?

A. The same thing would be true, you would have to find out by practice whether or not you want to introduce your polystyrene on the mill first and then add the rubber, or vice versa, and at what

(Testimony of Raymond B. Stringfield.)

temperature and speed of addition was most effective.

Q. If you were given two rubbers whose properties were described to you, would you know how to mix them?

A. With the background that I have of a good many years of experience in mixing, I could probably make a very good guess. But I would probably modify my first attempt in one direction or another to improve it after I had tried it.

Q. To improve it, but could you make a pretty good guess to begin with?

A. You might be able to make a fairly good guess to begin with yes, but given no proportions you would have to make a number of different batches and do testing to see what you wanted to get in the way of certain properties.

Q. Darex Copolymer No. 3 is a trade name, isn't it?      A. Yes.

Q. In 1951 the composition of the material so designated was known, isn't that true?

A. In 1951, yes, I believe so.

Q. So that anybody reading this trade name could find out what the material was that was designated? [399]

A. They could at least find out from company literature what the percentage of styrene was, yes.

Mr. Kirschstein: That is all.

The Court: The company wouldn't let you know, I gather from the letter that was introduced yester-

(Testimony of Raymond B. Stringfield.)

day, that they didn't like to disclose the percentages because of trade secrets?

Mr. Kirschstein: I brought that out because they mentioned on the direct the patent doesn't say what Darex Copolymer No. 3, the percentages, are. I bring out that the trade name designates an article of known composition at the time of the patent. That was my purpose in asking this question.

Mr. Caughey: I think the letter your Honor had reference to was the Bakelite letter. This was Dewey and Almy.

Mr. Kirschstein: Dewey and Almy disclosed the composition, and it was known. That was all I wanted to prove.

The Court: I am sorry. I remember now.

#### Redirect Examination

Q. (By Mr. Halle): Mr. Stringfield, I just want to clear up one point about GR-S.

Is GR-S a general term in the art or is that something [400] that the government puts on for specifications?

A. GR-S was used solely for rubbers made under government supervision, and although the trade says GR-S when they refer to the general purpose GR-S, specifically it should be accompanied by a number, and the only GR-S's are rubbers that were made in the government plants and given a definite type number.

The Court: That is when the government was helping develop synthetics?



(Testimony of Raymond B. Stringfield.)

The Witness: When plants were being operated under government supervision.

Now when they have been returned to private, the companies all use individual names of their own.

Mr. Halle: Thank you. I have no further questions. [401]

\* \* \* \* \*

The Court: Call it W and then -1, -2, -3, -4, -5, whatever you have got.

I discovered a little coincidental date; that the Coleman application was filed the day before the Ditz patent was issued.

Mr. Caughey: That's right.

The Court: The Coleman application was filed December 10, 1951, and the Ditz patent was issued December 11, 1951, the very next day.

It doesn't mean anything, but you rarely come upon that. [402]

\* \* \* \* \*

Mr. Halle: V is a catalog of the Whitaker Cable Products Company. This is a current catalog of the company that made that steel frame with the red plastic covering on it. I offer that catalog in evidence.

The Court: I can take judicial notice of the fact that some of these accessories made of rubber are either in black or in red. I think perhaps the most common that you can see out of boxes are the fan belts. I think most of them are red.

Mr. Halle: Yes, your Honor.

The Court: And they are displayed very freely,

and they are not in packages. I know I have traveled all over the country and I have seen black ones in some parts of the Middle West. I think out here they are all red.

V is received, and the five patents, Exhibit W [404] through W-4 are received.

(The exhibit referred to was received in evidence and marked as Defendant's Exhibit V.)

Mr. Halle: We are now ready, your Honor. Mr. Proujansky will read the answers.

This is the deposition of Peter Maitland, and it is Exhibit No. 77 for identification.

(Whereupon counsel commenced the reading of the deposition of Peter M. Maitland, as follows:)

#### DEPOSITION OF PETER M. MAITLAND

"Q. (By Mr. Kirschstein): Would you state your full name, address and age, please?

A. Peter M. Maitland, Neck Road, Lancaster, Massachusetts. I'm forty-eight years old.

Q. What is your occupation, Mr. Maitland?

A. I'm assistant to the Executive Vice-President of Van Brode Milling Co.

Q. Is that the plaintiff in these cases?

A. That is right.

Q. Who is the Executive Vice-President?

A. Mr. Erich Fritsch.

Q. How long have you been employed by the plaintiff?

A. Since November 15, 1948." [405]

(Deposition of Peter M. Maitland.)

Now turn to page 6, the top of the page.

(Whereupon counsel resumed the reading of the deposition of Peter Maitland as follows:)

“Q. Are you familiar, generally, with the business of the plaintiff? A. I am.

Q. Are you familiar with its automotive business? A. I am.

Q. Are you familiar with the plastic battery hold-down frames involved in these cases?

A. I am.

Q. Do your duties relate in any way to those plastic battery hold-down frames?

A. They have, during the course of my employment.”

Mr. Halle: Please turn to page 19, the first question at or about the middle of the page there.

(Whereupon counsel resumed the reading of the deposition of Peter Maitland as follows:)

“Q. Do you know anything about the chemical composition of this battery hold-down frame?

A. I do not.

Q. You said you do not? A. I do not.

Q. Did you ever know anything about its chemical [406] composition?

A. I do not. I never have.”

Mr. Halle: Please turn to page 23.

(Whereupon counsel resumed the reading of the deposition of Peter Maitland as follows:)

“Q. Can you remember any specific company

(Deposition of Peter M. Maitland.)

that you tried to interest in purchasing the plaintiff's frames?"

Mr. Halle: Then there was some colloquy, and then the answer was:

(Whereupon counsel resumed the reading of the deposition of Peter Maitland as follows:)

"A. I have never tried to sell any jobbers or wholesalers.

Q. Have you ever tried to sell anyone other than your friends?

A. Well, I have tried to interest some of the automobile manufacturers in taking it on as original equipment.

Q. Were you successful in those endeavors?

A. Not as yet.

Q. When did you first start that?

A. The question, as I see it now, is when did I [407] first try to——

Q. ——interest manufacturers in using this plastic frame as original equipment on cars."

Mr. Kirschstein: Excuse me, your Honor. There is an objection here to this line of questioning as exceeding the scope of the direct examination.

The Court: I beg your pardon?

Mr. Kirschstein: There was an objection put on the record at the time this deposition was taken that the examination exceeded the scope of the direct, which did not relate to this.

Mr. Halle: I am asking this witness now, your

(Deposition of Peter M. Maitland.)

Honor, when he tried to sell the automobile manufacturers this plastic battery frame.

The Court: We have already learned, gentlemen, that whatever success this frame has had has been due to jobbers and——

Mr. Halle: I have another purpose. I am trying to show that this witness did something insofar as the patent application is concerned which perhaps he shouldn't have done, and this is—I am building up to that by asking these questions.

Mr. Kirschstein: Your Honor, I think——

The Court: I am familiar now with the attacks [408] that are being made on what was done in the Patent Office, but I don't remember that you pleaded fraud or misrepresentation in the Patent Office.

Mr. Halle: Let me check. I believe there is some defense in the answer.

The Court: Of course, I have also held that it is about time the patent bar learned the Federal Rules of Procedure and not just follow those general allegations as you find them in the back number of Walker, the old edition especially.

Unless you specifically pleaded it, I don't think the matter should be gone into.

Mr. Halle: I am looking for the allegations now, your Honor.

The Court: You gentlemen know better than I do. Do you find any pleading of misrepresentation?

Mr. Halle: I find in the Answer in the third defense, subparagraph 7——

(Deposition of Peter M. Maitland.)

The Court: Just a minute. Let me get a hold of it.

Mr. Halle: It is on page 3 of the answer.

The Court: What line?

Mr. Halle: Line 23, starting paragraph 7.

The Court: I think you pleaded some kind of misrepresentation there. [409]

Mr. Kirschstein: Your Honor, I would like to say this: This concerns a petition to make special.

The Court: Which?

Mr. Kirschstein: The material that they are trying to introduce now concerns simply a petition to make special. I don't see what it would possibly have to do with——

The Court: I want to say that counsel will have to be more successful than some recent attempts that have been made. I dislike the attempt to bring fraud into these matters, and I was shocked and I expressed my shock when a man in one of the cases came in and repudiated an affidavit that he wrote. I let him know that I thought very little of him.

Counsel is free to do it, but you will have to be very successful. More successful than recent attempts to show that either statements made by persons or by lawyers or by others are necessarily fraudulent, unless you show, as I said recently in one case, there is scienter, that they knew. That was in the Ford Alexander case. I said, before you can prove fraud in the Office you have to show that not only was some statement made that wasn't true, but it was made with the intention to deceive.



(Deposition of Peter M. Maitland.)

Mr. Halle: Yes, your Honor.

The Court: Go ahead and prove it.

Mr. Halle: I will try.

I have just read these questions that indicated that [410] the witness never knew anything about the chemical composition of the frame. Now I am reading about his attempts to interest car manufacturers, and the last question: "Q. —interest manufacturers in using this plastic frame as original equipment on cars."

That was the time when that was attempted to be done.

The Court: All right.

The objection is overruled. Go ahead.

Mr. Halle: At page 24 start reading the answer, "I'd say approximately May or June \* \* \*"

(Whereupon counsel resumed the reading of the deposition of Peter Maitland as follows:)

"A. I'd say approximately May or June of 1954.

Q. Since May or June of 1954, to date, you have not been able to interest a car manufacturer in using this plastic frame as original equipment; is that correct?

A. In addition to my other duties, of course, as I have said previously, since October of 1955 I have not done anything with the hold-downs as far as sales are concerned.

Q. Anyway, since May of 1954 until October of 1955, you were not able to interest a major car manufacturer in using your frame on a car?

(Deposition of Peter M. Maitland.)

A. On the contrary, I will not say that I was not successful in making them interested.

Q. Did you sell any frames? [411]

A. I did not.

Q. Do you know whether your company sold any frames to a car manufacturer for original equipment during that period?

A. During that period?

Q. Right.

A. I do not believe they did."

Mr. Halle: I am skipping down to the bottom of page 25.

(Whereupon counsel resumed the reading of the deposition of Peter Maitland, as follows:)

"Q. Have you ever seen a copy of Patent No. 2710660?

A. I have seen a copy of the patent."

The Court: That is the Ditz patent?

Mr. Halle: That is the suit patent.

(Whereupon counsel resumed the reading of the deposition of Peter Maitland, as follows:)

"Q. I hand you Defendants' Exhibit A, which is a copy of Patent No. 2710660, and I ask you when is the first time you saw a copy of that patent.

A. Frankly, I couldn't answer it. I'm not positive of the date. I probably have seen it in the last year, or year [412] and a half possibly, or even maybe further back than that. I don't just recall.

Q. But, in any event, you are not familiar with

(Deposition of Peter M. Maitland.)

the chemical composition that plaintiff claims in the patent, Defendants' Exhibit A?

A. I am not.

Q. As your counsel phrases it, you are not familiar with the chemical composition of the article made of a specific material which is disclosed in Defendants' Exhibit A?      A. I am not."

Mr. Halle: Then the file wrapper of the prosecution was marked Defendants' Exhibit K on the deposition, and it is, I believe, Plaintiff's Exhibit 2 in this case.

The Court: All right.

What portion do you want to refer to?

(Whereupon counsel resumed the reading of the deposition of Peter Maitland as follows:)

"Q. I hand you Defendants' Exhibit K for identification and direct your attention to the following pages — which are page numbers of the exhibit — pages 47, 48 and 49. This is an affidavit, and I ask you whether this is your signature on page 49, which has the typewritten figure "4" on the page.

A. It is.

Q. And the three pages I mentioned were subscribed and [413] sworn to by you on the 27th day of January 1955?      A. That is right."

Mr. Halle: That is pages 47, 48, and 49, your Honor.

Mr. Kirschstein: Your Honor, I would like to object to the evidence about to be read on this ground. Having established the witness' signature

(Deposition of Peter M. Maitland.)

to this affidavit, the witness was not examined on it, but the next witness, Mr. Fritsch, was then examined on it, counsel neglecting to examine the witness who could have explained anything about the matter.

I would like to mention, also, the petition to make special that was involved here was not considered by the Patent Office, even, because the appeal decision was about to be handed down. So it couldn't have affected this case in any manner whatsoever.

The Court: Any statement made in the course of any proceedings—ultimately this proceeding before the Board of Appeals was a part of the proceedings in the prosecution of the patent, and the file wrapper is admissible, and if there are any statements inconsistent with what a witness testified to later on, they may have a chance to call it to the court's attention and comment on it.

Go ahead.

Mr. Halle: Then I go over to page 28. [414]

(Whereupon counsel resumed the reading of the deposition of Peter Maitland as follows:)

“Q. You mentioned, Mr. Maitland, that you succeeded in interesting some automobile manufacturers in using the plastic frames made by the plaintiff as original equipment, but that you did not sell them. A. That is right.

Q. Can you explain the reason for that?

A. Yes.” [415]

\* \* \* \* \*

(Deposition of Peter M. Maitland.)

A. Yes. Primarily, it is the added cost of our red plastic hold-downs as against the metal frame that the manufacturer uses on his original equipment.

Q. Are there any other reasons?

A. No, that was the main reason.

Q. Did you ever try to sell these frames to the Government?      A. I did.

Q. Was the Government interested?

A. Yes.

Q. Were they sold to the Government?

A. No.

Q. Why was that?

A. Because we refused to waive our patent rights which the Government wanted us to do, feeling that even [415] though we were losing a great dollar volume of business, that in the long run we would be better off to maintain our patent rights rather than accept that business at that time."

Mr. Halle: Now, your Honor, I am going to read—unless there is anything you want to read from there?

Mr. Kirschstein: No.

Mr. Halle: I am going to read from the deposition of Augustine L. Colarusso, taken February 27, 1958. This is No. 59 for identification.

The Court: I don't remember; did the other side read any of that?

Mr. Halle: I don't believe so.

Mr. Caughey: No, sir.

The Clerk: Two persons are in that deposition. Morton Bean was the one read previously.

What is this name?

Mr. Halle: Colarusso.

The Court: This one has not been read?

Mr. Halle: No, you have not heard from this one, your Honor.

The Court: All right. Go ahead.

Mr. Halle: On page 44, by Mr. Kirschstein:

(Whereupon counsel commenced the reading of the deposition of Augustine L. Colarusso as follows:) [416]

DEPOSITION OF AUGUSTINE L.  
COLARUSSO

“Q. (By Mr. Kirschstein): State your name, age, and address, please.

A. Augustine L. Colarusso; age fifty-four; address, 6 North Hudson Street, Boston, Massachusetts.

Q. What is your present occupation, please?

A. I am vice president in charge of research and development in the Van Brode Milling Company, Clinton, Massachusetts.

Q. How long have you held that position?

A. Since December of 1956.

Q. How long have you been with Van Brode Milling Company, Inc.?

A. Since July 1947.”

Mr. Halle: Just skip a question.

(Whereupon counsel resumed the reading of



(Deposition of Augustine L. Colarusso.)

the deposition of Augustine Colarusso as follows:)

“Q. Are you familiar with the subject matter of this case? A. Yes.

Q. Are you familiar with the plastic battery hold-down frame put out by your company?

A. Yes.”

Mr. Halle: Turn to page 72, please, down toward the [417] bottom of the page.

(Whereupon counsel resumed the reading of the deposition of Augustine Colarusso as follows:)

“Q. Are you familiar with the material that you use? A. Yes.

Q. What material do you use?

A. At the present time?

Q. Yes.

A. We are using a Bakelite material designated as 2155. I think there are three letters——

Q. Would that be TMD-2155?

A. Yes. And a Monsanto material designated LHR, and I think it is changed now to another identification which I do not remember. The purchasing agent would know that. But it is a Monsanto material.

Q. Is there any other material that your company uses in molding the frames at this time?

A. No.

Q. When did you first start using the materials that you mentioned?

(Deposition of Augustine L. Colarusso.)

A. Well, Bakelite material was the only material used in approximately — back in approximately 1952. At a later date, and I believe the following year, the Monsanto material was incorporated in the formulation.

Q. And these two materials are blended to make the [418] frame? A. Yes.

Q. Were you consulted in 1952 before this Bakelite material was first used? A. Yes.

Q. Do you recall who you consulted with?

A. Well, being in the position as technical director at that time and also checking on quality control of materials, I know that we were having some difficulty with the composition used at that time—production difficulties.

Q. What material did you use at that time?

A. Well, prior to Bakelite, we were using the composition known as the Darex Copolymer Number 3, and Polystyrene and a filler.

Q. What type of filler did you use?

A. It was—it came in the classification as a clay.

Q. Did you have any discussion concerning the use of that original material with anyone at your plant?

Mr. Kirschstein: Could you narrow that down as to when you mean?

A. Yes. I am just trying to figure out here—

Q. When did your company first start producing battery frames? A. I don't remember.

Q. I believe we have an exhibit in evidence in the

(Deposition of Augustine L. Colarusso.)

[419] case showing a purchase of a mold from Kas-kadusa Molding Company?"

Mr. Halle: That was withdrawn.

(Whereupon counsel resumed the reading of the deposition of Augustine Colarusso as follows:)

"Q. I show you Defendants' Exhibit L for identification and just ask you to look it over, to refresh your recollection as to various dates. (Exhibit handed to witness.)

I also show you a copy of Defendants' Exhibit O for identification and ask you to look at that and note the dates."

Mr. Kirschstein: These exhibits are not marked in this case, are they?

Mr. Halle: No, they are not marked in the case.

(Whereupon counsel resumed the reading of the deposition of Augustine Colarusso as follows:)

"Q. Surely.

"The Witness: May I look at that at the same time?

"Mr. Halle: Right. Here is Exhibit O (handing to witness.)

Q. (By Mr. Halle): After looking at those two exhibits, does that refresh [420] your recollection as to when you first discussed the material for a plastic battery hold-down frame to be manufactured by the plaintiff, Van Brode Milling Company?

(Deposition of Augustine L. Colarusso.)

The Witness: I do.

The first time that I discussed materials pertaining to battery hold-down frames was when Coleman asked me whether polystyrene could be blended with a particular material which he had in a cigarette case—with a material that formed a cigarette case that he had.

Q. When was that; do you recall?

A. I don't remember.

Q. If Mr. Coleman testified that that was some time in the early part of 1951, would that serve your recollection?

A. That sounds approximately right.

Q. Do you remember the plastic cigarette case that he showed you?

A. Yes, I have some recollection of that now.

Q. What did that look like?

A. It was a case in which a common ordinary pack of cigarettes could be put into.

Q. Did you note the material that the case was made out of?

A. The material was marked "Darex"; that is all that I remember of it now. [421]

Q. Did you do anything with reference to that cigarette case, after he showed it to you?

A. I talked with a technical sales representative from Dewey & Almy—I believe his name was Carl Fox—at the time and I asked that specific question of Coleman, and he told me that polystyrene would blend with Darex copolymers.

Q. Have you seen Carl Fox since then?

(Deposition of Augustine L. Colarusso.)

A. Not—I saw Carl Fox maybe twice—I don't remember exactly—and he left the company at that time, shortly after that.

Q. You don't know where he is now?

A. No, sir.

Q. As a result of that conversation, did you order some material from Dewey & Almy Chemical Company?

A. No, not immediately. I gave Coleman the answer and it was sometime after that that I told Dewey & Almy to make up a formulation for us, based on information submitted to me by Mr. Coleman."

Mr. Halle: Will you kindly turn to page 97, about the middle of the page?

(Whereupon counsel resumed the reading of the deposition of Augustine Colarusso as follows:)

"Q. Let's get back to the materials that the Dewey & Almy Company mixed for you on an experimental [422] basis, and I take it that was some time between January and July of 1951; am I correct? A. Some time about that period.

Q. After Dewey & Almy made these experimental mixtures for you, am I correct in saying that they never again mixed anything for you, but they just sold you their trade-marked articles, such as Darex copolymer No. 3? A. Yes."

Mr. Halle: Page 99, bottom of the page.

(Whereupon counsel resumed the reading of

(Deposition of Augustine L. Colarusso.)

the deposition of Augustine Colarusso as follows:)

“Q. What did you do with the Darex copolymer No. 3 that you ordered on October 15, 1951?

A. I believe that went to Stedfast Rubber Company for compounding with the other ingredients in the formulation of the battery hold-down.

Q. Aside from you, personally, did your company try to mix Darex No. 3 with the other ingredients, after they had received the experimental mixtures?

A. No; we did not have the necessary equipment to effect such compounding.

Q. Do you know of a company called Marine Plastics? A. Yes.

Q. Did your company send Darex No. 3 to them to mix [423] with the other ingredients?

A. Darex No. 3 was mixed with the other ingredients in the formulation in a mechanical manner, and sent to Marine Plastics for compounding and coloring.

Q. What do you mean by “compounding”?

A. In order to effectively blend into an alloy the ingredients which go into the formulation of the battery hold-down material, they have to be pressed through heated calendaring rolls, and then, because of the heat, and some other plasticizing taking place in that compounding, the materials would finally take on the form of a homogeneous mixture and would come back to us in slab form, which we sub-



(Deposition of Augustine L. Colarusso.)

sequently ground to the proper particle size necessary for injection molding.

Q. Then you would take those ground particles and put them in the mold and make battery frames?           A. Yes."

Mr. Halle: Page 103, down toward the bottom.

(Whereupon counsel resumed the reading of deposition of Augustine Colarusso as follows:)

"Q. Is it not a fact that shortly thereafter you changed over to a material from the Bakelite Company?           A. Yes.

Q. In making that change-over, were you consulted? [424]           A. Yes.

Q. Who consulted with you?

A. I believe it was both Sid Coleman and Robert Crossley, or Sid Coleman talking to Robert Crossley, and finally Robert Crossley consulting me. It worked in about that manner.

Q. Do you recall the conversation you had with Robert Crossley?

A. In a general way, it was that complaints had come in that some of the battery hold-downs were breaking. He also told me that the injection molding department told him that the material didn't always mold exactly as it should, and Bob also thought that since we didn't have the necessary equipment for compounding, it would be nice if we could find a material which would do equally well as a battery hold-down from the present available resins on the market at that time.

(Deposition of Augustine L. Colarusso.)

Q. How did you select the Bakelite material?

A. From time to time manufacturers of plastic items inform prospective customers of new materials which they are either experimenting with or are manufactured products, or, shall I modify that, manufactured resins. They also submit samples for us to evaluate, to possibly find applications for their products; also send literature showing the various physical and chemical properties of these materials. [425]

The literature concerning these materials usually comes to my attention, and in evaluating the literature, which I usually do with all types of new plastic materials, I noted that the Bakelite material—I don't recall the number of it—which later was——

Q. Could it have been BMSQ 2155?

A. I wouldn't remember—which later was identified as 2155, with some letters — TMD 2155 — that this material possessed physical properties which are equivalent to our mixture of Darex Copolymer 3, polystyrene, et cetera.

I then asked Bob Crossley to get a sample for me and we made battery hold-downs from that material. I tested the hold-downs in the laboratory and I then authorized the purchase of the Bakelite material to be used in the manufacturing of battery hold-downs at that time."

Mr. Halle: Please turn to page 108.

(Whereupon counsel resumed the reading of the deposition of Augustine Colarusso as follows:)

(Deposition of Augustine L. Colarusso.)

“Q. Did there come a time when you changed your formula to include Monsanto material in addition to the Bakelite material? A. Yes.

Q. Was that shortly after you took on the Bakelite [426] material?

A. That was not shortly after; it was quite some time. It could be several months.

Q. Do you recall having a discussion with anyone concerning the addition of the new material?

A. Yes.

Q. With whom did you have that discussion?

A. I believe I discussed the addition of this material with Robert Crossley. I think I told Sid Coleman about it, and I talked with Max Anritter, the molding room superintendent, about that.

Q. What discussion did you have with Crossley about it?

\* \* \* \* \*

A. The discussion was along this line——

\* \* \* \* \*

A. There is an improvement on the product by the addition of this Monsanto material, and if we want to stop there, all well and good. But that is generally the reason why I decided to use the Monsanto material, plus the fact that it was a little bit cheaper and would bring the cost of the materials down somewhat without affecting the practical usage of the finished item.

Q. Are you familiar with the ingredients of the Bakelite material?

A. No, sir. I guess that is a trade secret. [427]

(Deposition of Augustine L. Colarusso.)

Q. But at least you do not know it?

A. I don't know it."

Mr. Halle: Kindly turn to page 115.

(Whereupon counsel resumed the reading of the deposition of Augustine Colarusso as follows:)

"Q. Did there come a time when it was generally brought to your attention by the sales representatives of various plastic powder suppliers that there was a new development in high impact polystyrene?

A. Yes.

Q. When was that?

A. This is done every time they have a new product which either is classified in the group of high impact materials or medium impact materials or other type of materials. The information is always, or usually, submitted to us for evaluation or possible application for anything that we may have in mind." [428]

\* \* \* \* \*

The Court: All right. Go ahead.

Mr. Kirschstein: On page 120, the second to last line.

(Whereupon counsel resumed the reading of the deposition of Augustine Colarusso as follows:)

"Q. Did you ever hear of mixing polystyrene with a copolymer comprising Buna S before Mr. Coleman asked you whether polystyrene could be mixed with Darex material? A. No.

(Deposition of Augustine L. Colarusso.)

Q. You never heard of it? A. No."

Mr. Kirschstein: Page 124, the first question on the page.

(Whereupon counsel resumed the reading of the deposition of Augustine Colarusso as follows:)

"Q. Can you tie down when you first became familiar with high impact polystyrene as such?

A. As far as I can remember now, it was about the time that I discovered the Bakelite material.

Q. You mean when you saw their brochure on it?

A. Yes, because I didn't know too much about plastics, and as the weeks went on I was learning, because I knew this was going to be part of our business." [429]

Mr. Kirschstein: Now on page 78.

The previous questions were about ordering some material based on information submitted to the witness by Mr. Coleman. I am taking up where Mr. Halle left off. The last question on the page.

(Whereupon counsel resumed the reading of the deposition of Augustine Colarusso as follows:)

"Q. What was that information?

A. He gave me some proportions of Darex copolymer and polystyrene that should be mixed together, and he also wanted to add an inert material for cost purposes, because of the low cost of the inert material, if it didn't affect any other proper-

(Deposition of Augustine L. Colarusso.)

ties. And that is the time that I—I don't recall whether it was I directly or with the aid of our purchasing agent—got Dewey & Almy to make up the first batch of material to be tested for battery hold-downs.

Q. When you talk about inert material, is that what you refer to as a filler?

A. As the filler, yes.

Q. Did Dewey & Almy mix a complete molding powder for you at that time? A. Yes.

Q. Including polystyrene? A. Yes.

Q. Did you try that powder out? [430]

A. I did not try it out. It was either tried out by Max Antritter, with Sid Coleman, or with Sid Coleman and somebody down in the injection molding room.

Q. Was that material satisfactory?

A. Yes.

Q. Do you know what was in it? A. Yes.

Q. What?

A. Well, I don't know whether I——

There was Darex copolymer 3, polystyrene, a clay, and a small amount of wax for lubricating purposes, just for the molding purposes, not in any way affecting the properties of the compound.

Q. I show you Defendants' Exhibit L and ask you to look at a letter contained therein, dated October 15, 1951, signed by Robert F. Crossley, Purchasing Department. (Exhibit Handed to Witness.) A. Yes.

Q. You have looked at that letter? A. Yes.



(Deposition of Augustine L. Colarusso.)

Q. Is the material asked for in that letter the same material that you just described to me?

A. The one I referred to, Darex material?

Q. That is right.           A. Yes.

Q. What I am trying to specifically get at is [431] whether the order for Darex No. 3 included the material mixed with polystyrene and clay, as you have testified to?

A. This—not in this purchase order, it doesn't specify. We are specifically asking for Darex copolymer No. 3. It has nothing to do with the compound which we call the battery hold-down material.

Q. By "the battery hold-down material," you mean——           A. The complete mixture.

Q. ——polystyrene, plus Darex No. 3, plus clay?

A. Yes.

Q. So this material ordered on October 15, 1951, did not include the complete mixture that you have already testified to?           A. Yes.

Q. It did not?           A. It did not.

Q. Are you quite certain that the first material you received from the Dewey & Almy Company was a mixture of polystyrene, Darex No. 3 and clay?           A. No, sir; that is not true.

I said when they made a composition for us, that I know definitely. But the first material we ever received from Dewey & Almy was samples of their various copolymers.

Q. Did you receive any technical information along with those samples?

(Deposition of Augustine L. Colarusso.)

A. Yes, their brochure sheets accompanying.

Q. Do you have a technical bulletin for Darex No. 3? A. Did we have then?

Q. Yes. A. Yes.

Q. Did you also have a technical bulletin for Darex copolymer X-34? A. Yes.

Q. And X-43? A. Yes.

Q. I am not quite sure so far from your testimony as to whether you meant that Dewey & Almy made a mixture for you, or whether they merely supplied you with their own products?

A. They first supplied Van Brode Milling with samples of their various copolymers, along with technical bulletins.

Later, when I had a formulation for somebody to develop, I asked whether Dewey & Almy could do that for us on an experimental basis, and they did.

Q. I take it that that was a formulation that you made up in your laboratory?

A. That Mr. Coleman gave me.

Q. Was it written down on a piece of paper?

A. No, I think he told me the formulation, and I wrote it down, I imagine, on a piece of paper."

Mr. Kirschstein: I am stopping on line 7 of page 83.

Now going to page 101.

We are talking about the making up of the molding powder with Darex No. 3 and polystyrene. Beginning on the fourth line:

(Whereupon counsel resumed the reading of

(Deposition of Augustine L. Colarusso.)

the deposition of Augustine Colarusso as follows:)

“Q. Do you know anything about the molding process of putting the ground particles into the molds?

A. What I know about that process is purely observation. The materials are generally loaded in a hopper; they are fed into the machine; they are heated to a given temperature; and by pressure they are forced into the cavity of a mold so designed as to produce the finished product.

Q. Did you first send the material to Stedfast Rubber Company and then the same material to Marine Plastics; were those two different processes?

A. No. The reason why we changed from Stedfast to Marine was because it was more convenient for us, since Marine was located within the Clinton area, and Stedfast was at least 40 miles away. And we knew that Marine had the type of equipment which could be used in compounding the ingredients which went into the formation of the battery hold-down.” [434]

Mr. Kirschstein: Page 103, line 9.

(Whereupon counsel resumed the reading of the deposition of Augustine Colarusso as follows:)

“Q. I am not asking you whether the 43 did; I am asking you whether your company was still looking for materials for the battery hold-down frame?

A. No, sir. We felt we had an excellent prod-

(Deposition of Augustine L. Colarusso.)

uct, as I remember, from the materials that were made from the processing mixture made for us by Dewey & Almy Company."

Mr. Kirschstein: "43" refers to another copolymer.

Page 123, line 9.

(Whereupon counsel resumed the reading of the deposition of Augustine Colarusso as follows:)

"Q. Was the plastic battery hold-down made with polystyrene and the Darex Copolymer No. 3 a good commercial product? A. Yes.

Q. Was there any difficulty with it, other than the problem of getting the proper chemical means of getting it mixed?

A. We had no problems when Dewey and Almy made the first material. We had no problems when Stedfast Rubber made the compound for us. We experienced problems during [435] the time Marine Plastics did the compounding.

Q. You testified about the selection of materials from Bakelite and Monsanto. Am I correct in stating that that was concerned with the question of production after you had a commercial frame on the market for some time?"

Mr. Halle: I object to that as leading, your Honor.

The Court: Go ahead. Overruled.

(Whereupon counsel resumed the reading of the deposition of Augustine Colarusso as follows:)

(Deposition of Augustine L. Colarusso.)

"A. Yes."

Mr. Kirschstein: That's all.

Mr. Halle: I would just like to read at page 103 where Mr. Kirschstein stopped reading. The last question there was where the witness said they felt they had an excellent product from Dewey & Almy Company. The next question.

(Whereupon counsel resumed the reading of the deposition of Augustine Colarusso as follows:)

"Q. Is it not a fact that shortly thereafter you changed over to a material from the Bakelite Company? A. Yes." [436]

\* \* \* \* \*

(Whereupon counsel commenced reading the deposition of Daniel P. Phillips as follows:)

#### DEPOSITION OF DANIEL P. PHILLIPS

"Examination by Mr. Halle:

Q. State your name and address.

A. Daniel P. Phillips, 211 Lenox Avenue, South Orange, New Jersey.

Q. Are you presently employed by the Bakelite Company, a division of Union Carbide and Carbon Corporation, with offices at 30 East 42nd Street, New York, New York? [442] A. Yes.

Q. What is your position with the company?

A. Assistant Sales Manager of molding material.

Q. I hand you Defendant's Exhibit M for identification, which was supplied to me by the attorneys for the plaintiff, Van Brode Milling Company,

(Deposition of Daniel P. Phillips.)

to show when the first shipments of bakelite material was made to this company, and as part of that Exhibit there is an invoice of the Bakelite Company, shipper's order number 454475, date shipped 6-18-52, for a quantity of BPSQ155. Is that a material produced by the Bakelite Company?

A. Yes." [443]

\* \* \* \* \*

"Q. Was the material designated as BPSQ155 available for shipment on order for any of your customers on or after July 25, 1951?

A. Yes."

\* \* \* \* \*

Mr. Kirschstein: Starting at the bottom of page 4, line 25:

(Whereupon counsel resumed the reading of the deposition of Daniel Phillips as follows:)

"Q. You said that you made a search of the records. Did you make that search personally?

A. No. I did not.

Q. You yourself did not examine the records?

A. No.

Q. Then what you testified to is information that was told to you, is that correct?

A. That is correct." [444]

Mr. Kirschstein: Page 9, line 5.

(Whereupon counsel resumed the reading of the deposition of Daniel Phillips as follows:)

"Q. How long have you been with Bakelite?

A. 19 years.



(Deposition of Daniel P. Phillips.)

Q. Do you have anything to do with the shipping out of the samples? A. Upon occasion.

Q. Did you ever see any samples shipped out?

A. No.

Q. You didn't see any samples of this material that you have been talking about being shipped out, did you?

A. I was not concerned with management at that time. I was a salesman covering a different territory at that time.

Q. In other words, your testimony regarding the fact that samples went out, if they did and when, is based on what you were told by someone, is that correct?

A. And upon records that I have seen.

Q. What records were those?

A. A copy of his sample order shipping papers.

Q. When did you see that?

A. During the week of March 3.

Q. You mean this year?

A. Yes, 1958. May I correct myself? I am in error. [445] I did not see that sample order. I was thinking of something else.

Q. Then your testimony is based on what you have been told?

A. That is correct."

Mr. Kirschstein: Now, going further down on the page. I will continue.

(Whereupon counsel resumed the reading of the deposition of Daniel Phillips as follows:)

"Q. Would you tell us what you did to get the

(Deposition of Daniel P. Phillips.)

information you told us about today after you were notified that you would be examined as to the particular information sought?

A. We have consulted our development laboratory reports to obtain all possible information along the lines requested.

Q. And this record of the shipment of samples, where is that kept?

A. That would be kept at Bound Brook, New Jersey.

Q. And did you contact Bound Brook by telephone? A. Yes.

Q. And did you talk to somebody there?

A. Yes.

Q. Who did you talk to?

A. Mr. P. B. Potter. [446]

Q. Is he a person in charge of the records out there?

A. He is in the supervisory capacity in our development department.

Q. And did you ask him to look up these records for you? A. Yes.

Q. And as the result of that did he give you some information?

A. He had one of his men telephone me back and provide the information.

Q. And that is the information you have been testifying to today? A. Yes."

Mr. Kirschstein: Your Honor, I submit that on this basis this man's testimony is purely hearsay. It is not even based on his own inspection of rec-

(Deposition of Daniel P. Phillips.)

ords, it is not even based upon the inspection—on what was told him by the man who inspected them; it is based on what——

The Court: What significance is there? He is merely testifying as to a shipping date.

Mr. Kirschstein: I submit, your Honor, that that date is not established by this testimony.

Mr. Halle: May I read the colloquy that ensued, [447] your Honor? It is just about a page.

The Court: Yes.

Mr. Halle: (Reading.)

“Mr. Halle: Mr. Kirschstein, are you objecting to this on the ground that it’s not the best evidence?”

“Mr. Kirschstein: I will make any objection I have when the testimony is offered.

“Mr. Halle: I am in a position now to get to the original records if I have to and if you will make such objection I will do what I can to get the records. However, I am not going to wait until the trial of these issues to have you raise that objection and I state that I will consider you waive the objection unless you specifically make it now.

“Mr. Kirschstein: You can consider it so but I hereby state I am not waiving any objections except as the court may hold at the trial according to the law.

“Mr. Halle: But you are not making any objection as of this moment?”

“Mr. Kirschstein: At this moment I have not put in any objection.

“Mr. Halle: That’s all.”

(Deposition of Daniel P. Phillips.)

Mr. Kirschstein: Your Honor, I am not objecting on the ground it is not the best evidence; I am objecting on the ground this testimony is purely what somebody else told somebody else over the telephone. [448]

The Court: An offer was made at the time to produce the documents as things kept in the regular course of business. The offer was not accepted. In view of that I will overrule the objection.

\* \* \* \* \* [449]

Mr. Kirschstein: In view of the fact that the testimony is being allowed in, I would like to read one further part.

The Court: All right. Go ahead.

Mr. Kirschstein: Page 5, line 8.

(Whereupon, counsel resumed the reading of the deposition of Daniel Phillips as follows:)

“Q. When you send samples of a product out to customers at that time in the manufacturing product, would I be correct in stating that when the product is a quite new one it's just the beginning of it in your line? A. Yes.

Q. So when you send samples out you are not in commercial production, are you, for ordinary volume of shipment to customers, are you?

A. We are also sending out samples after we are in production.

Q. In July, when you sent out samples of the material you have been talking about, were you in commercial production then? A. No.

Q. Is it customary for Bakelite to put out bro-

(Deposition of Daniel P. Phillips.)

chures on their materials when the materials are in the regular line?      A. Yes.

Q. When are those brochures put out with relation to [450] the time that the material has been in the line?      A. No specific time.

Q. Is putting out these brochures one of the ways of making your products commercially known?

A. Yes.

Q. Do you know when the first brochure regarding the material you have been talking about was put out?      A. Yes.

Q. When was that?

A. We have searched our records and up to the present time the earliest brochure that we have found is dated May 20, 1952. This was forwarded to our salesmen for transmission to the customers."

\* \* \* \* \* [451]

(Whereupon counsel commenced the reading of the deposition of Sidney Coleman as follows:)

#### DEPOSITION OF SIDNEY COLEMAN

"Q. (By Mr. Halle): What is your name?

A. Sidney Coleman.

Q. What is your address, Mr. Coleman?

A. 38 Acton Street, Maynard, Massachusetts.

Q. What is your connection with the plaintiff?

A. I am an independent director of sales or sales counselor.

Q. What are your duties as such?

A. I handle the sales through my associate

(Deposition of Sidney Coleman.)

members of my own organization to sell and promote and originate and design, if possible and what not, for the Van Brode Milling Company—Van Brode Sales Company, which formerly was Van Brode Milling Company.”

Mr. Halle: Please turn to page 7, down toward the bottom of the page.

(Whereupon counsel resumed the reading of the deposition of Sidney Coleman as follows:)

“Q. I hand you Defendant’s Exhibit A for identification which was marked at Mr. Fritsch’s examination previously, and ask you if that is a patent which your name appears as the inventor? [452]

A. Yes, sir. It is.”

Mr. Halle: Sir, that is the suit patent, that exhibit.

(Whereupon counsel resumed the reading of the deposition of Sidney Coleman as follows:)

“Q. In reference to the invention contained in the patent, Exhibit A, when I use the word invention I am not conceding that there is an invention, I am just using it for purposes of talking about the patent, Mr. Coleman? A. Yes.

Q. In reference to that invention, did you make sketches concerning that hold-down frame prior to applying for the patent?

A. I made a wooden—I made a wooden sample that was adhered to with an adhesive.

Q. Aside from the wooden sample, did you make any sketch on paper? A. No.

Q. Or any other material? A. No.



(Deposition of Sidney Coleman.)

Q. Did you make a written description of the invention? A. No. I didn't." [453]

Mr. Halle: Page 15, please.

(Whereupon counsel resumed the reading of the deposition of Sidney Coleman as follows:)

"Q. What was your next step?"

The Court: I suppose disclosure to his patent lawyer.

(Whereupon counsel resumed the reading of the deposition of Sidney Coleman as follows:)

"A. Well, I was a little bit undecided. I knew I had to do something to strengthen the polystyrene, because that was material that was priced properly to bring out the item at the price that I needed and wanted, and I just didn't know what to do about it immediately and kept mulling it over and thinking about it, and one day I walked into the laboratory and I saw on one of the assistants—one of the men that worked in the laboratory—I saw a sample of a cigarette case. I picked it up and felt it, and it seemed to have what I was looking for. I immediately instructed to get me some of this material.

Q. What material was that?

A. It was marked on the case—I didn't know who it came from. It was marked on the case Darex number 3. The thing that determined me asking for this material was—it is common practice in the plastic business to determine what plastic is made of is to take a match and hold it to the [454] plastic and burn it and you can tell

(Deposition of Sidney Coleman.)

from the odor what it contains. I smelt rubber in the Darex container, which is the reason I asked for the material.

Q. Do you have any professional training as a chemist, Mr. Coleman?

A. No, sir. I have no professional training as a chemist.

Q. Do you, in any way, hold yourself out as an expert on chemistry?

A. No, sir. I do not. I am a layman."

\* \* \* \* \*

"Mr. Halle: \* \* \* Have you made any research or gained any experience or knowledge from sources other than the cost price of the market or from the materials that you saw in other products?

The Witness: I would say that working with an item, being of a curious nature, I naturally learned the characteristics of plastics.

Q. Tell me how you do that? [455]

A. Well, I knew that polystyrene was brittle. I knew that polyethylene could be used for manufacturing squeeze bottles and things that were soft and was flexible. This was the extent of that particular specific knowledge that I might have.

Q. Was that the knowledge that you had in January and February of 1951?

A. That's right.

Q. Nothing further than that?

A. That's right.

Q. After you discovered the cigarette case with the name Darex on it, what did you do?

(Deposition of Sidney Coleman.)

A. I instructed them to get me some of this material.

Q. Who was them?

A. The purchasing agent.

Q. Would that be the purchasing agent of Van Brode, Mr. Coleman?      A. Yes.

Q. What was his name?

A. Robert Crossley.

Q. Is he still employed by Van Brode?

A. He is.

Q. Did the purchasing agent obtain a quantity of Darex?      A. Yes. [456]

Q. Is this a powder?      A. Yes. It is.

Q. Did he obtain a quantity of powder for you, Mr. Coleman?      A. Yes. He did.

Q. Was it delivered to you personally?

A. No. It was delivered to the plant.

Q. What did you do? Did you do anything with that powder thereafter?      A. Yes. I did.

Q. What did you do?

A. I told them to mix that with polystyrene, the greatest quantity to be polystyrene and I wanted to add this Dewey & Almy copolymer number three.

Q. Darex number 3?

A. Darex number 3 to the polystyrene to see if I could get the characteristics that I had to have.

Q. Who is them, when you say, I told them?

A. People in the laboratory.

Q. Do you know the names?

(Deposition of Sidney Coleman.)

A. Yes. I know the first name of one, and I know the last name of one.

Q. Give us what you know?

A. Yes. Paul something or other and Gus Colarusso." [457]

Mr. Halle: Next page, the second question.

(Whereupon counsel resumed the reading of the deposition of Sidney Coleman as follows:)

"Q. It was yourself and Paul and Gus Colarusso, is that right?

A. Well, they weren't in it, they were just told what to do, they didn't even know what I wanted the material for originally.

Q. Did you have the model at that time?

A. Yes. I had the model.

Q. Did you tell them to put it into the mold, Mr. Coleman?

A. No. I told him to mix the powder thoroughly, then I authorized—I told him to give it to Max Antritter and have him give me some samples."

Mr. Halle: Down at the bottom of the page.

(Whereupon counsel resumed the reading of the deposition of Sidney Coleman as follows:)

"Q. Then he caused it to be put into the mold?

A. That's right.

Q. By a usual molding process made into a frame, is that right? A. That's right.

Q. Is there anything new about that process, Mr. [458] Coleman? A. The molding process?

Q. Yes. A. No.

(Deposition of Sidney Coleman.)

Q. You are not claiming that as your invention, is that right? A. No.

Q. When was that done?

A. That was done in February.

Q. Some time in February, 1951?

A. That's right.

Q. Do you know what proportions they mixed at that time?

A. I told them to have the majority of the material polystyrene, and not to add a teaspoon, but to give me a good chunk of it in there because I wanted to see if I wouldn't modify the polystyrene."

Mr. Halle: Then Mr. Kirschstein said:

"What is that?"

And the witness continued:

(Whereupon counsel resumed the reading of the deposition of Sidney Coleman as follows:)

"A. (Continued) A chunk of Darex number 3. I didn't specify so much of this and so much of that.

Q. Do you have any idea of what was the approximate [459] proportions that they mixed?

A. That the approximate proportions were—I had no idea—no exact figure. I had three or four batches made. There were some with more Dewey added and there were some with less Dewey added.

Q. You mean, Mr. Coleman, some were 50% of the copolymer?

A. The greatest majority at all time was polystyrene. I insisted on that.

Q. Can you give us an approximate percentage

(Deposition of Sidney Coleman.)

of polystyrene when you talk about greatest majority?

A. It was arranged in which it was used—I don't know.

The Witness: Can I speak to the attorney about this. I don't know whether that is to be disclosed or not, because that is a company secret.

Q. You are claiming the exact or the approximate proportions as a trade secret?

A. That's right."

Mr. Halle: Then Mr. Kirschstein said:

"I would say the exact proportions right now may be a secret. I don't think Mr. Coleman is in a position to know what the company claims." [460]

\* \* \* \* \*

"Mr. Kirschstein: You can tell him the approximate amount of polystyrene at the beginning if you know it. Is that what you want to know?

"Mr. Halle: That is one thing I would like to know.

"A. The maximum amount that was used was 80-20. 80% polystyrene and 20.

Q. What was the minimum amount that was used, Mr. Coleman?

Mr. Kirschstein: Again, if you recall.

A. The minimum amount used was 12% Darex and 88% polystyrene.

Q. So the maximum and minimum ranges were 80-20 and 88-12? A. That's right.

Q. With the greater amount in each case being polystyrene? A. That's right.



(Deposition of Sidney Coleman.)

Q. Is it present company policy to claim the proportions as a trade secret?"

Mr. Kirschstein: I think we ought to read the colloquy there.

Mr. Halle: I will read the entire colloquy.

(Whereupon counsel resumed the reading of the [461] deposition of Sidney Coleman as follows:)

"Mr. Kirschstein: Could I please have that question again?"

(Reporter reads back the last question.)

Mr. Kirschstein: You mean the proportions of the present compound that they make.

Mr. Halle: That they make under this invention.

Mr. Kirschstein: I mean do you want the proportions of the product that is sold today?

Mr. Halle: Yes. Under this patent.

Mr. Kirschstein: Yes. He is not going to disclose what their exact proportions are today.

Mr. Halle: I don't want the proportions. I want to know whether they claim that as a trade secret?

Mr. Kirschstein: You are asking him whether they claim it as a trade secret?

Mr. Halle: Yes.

Mr. Kirschstein: Let us put it this way.

Mr. Halle: Go ahead.

Mr. Kirschstein: Off the record.

(Off the record discussion.)

(Deposition of Sidney Coleman.)

Mr. Kirschstein: If you know tell him what the proportion now is.

The Witness: I am not a 100% sure, because I am not—— [462]

Mr. Halle: I didn't ask him about the proportion. I want to know what the company is claiming as a policy, as a trade secret?

The Witness: I do not believe the company is claiming it as a trade secret.

Q. I would like to know what proportions you use today?

A. That I am not qualified to answer.

Q. Is it somewhere near the range that you have already testified to?

A. It's in the range that we have specified in the patents."

Mr. Kirschstein: Are you going to read the next?

Mr. Halle: Mr. Kirschstein said:——

(Whereupon counsel resumed the reading of the deposition of Sidney Coleman as follows:)

"Mr. Kirschstein: You mean the range as specified this morning, don't you?

The Witness: Yes, sir. Of which we are talking about here now.

Q. When did you make, what you considered, your first successful frame?

A. In February, 1951.

Q. What was the range for the successful frame, Mr. [463] Coleman?

A. It was, if I remember, within that range.

(Deposition of Sidney Coleman.)

We had hold-downs made of anywhere from 80-20 down to 88-12 were successful frames.

Q. Yes.

A. Had the characteristics that I needed and required."

\* \* \* \* \*

"Q. Do you know that the first mold for the battery frame was made by the Kaskadusa Tool Company? A. Yes, sir.

Q. Do you know when that mold was ordered?

A. I think it took four or five weeks prior to when we went in and made the first sample, and I think—I would say it was made right after the first—the order was placed right after the first of the year, however the purchasing agent would give you the exact date."

Mr. Halle: Kindly turn to page 37, the question just above the middle of the page.

(Whereupon counsel resumed the reading of the deposition of Sidney Coleman as follows:)

"Q. Would it be a fair statement to say that the wood sample was similar to the drawing on the patent, Mr. Coleman? A. Yes.

Q. And it had those little triangular corners on that? A. Yes.

Q. You have no claim that that wooden sample is your invention? A. No."

Mr. Halle: Page 39, please, line 7.

(Whereupon counsel resumed the reading of the deposition of Sidney Coleman as follows:)

"Q. I believe you told us that until production

(Deposition of Sidney Coleman.)

started and sales were made in 1951, and that is the point we have come to at this time, you used no other copolymer powder for the polystyrene than the Darex? A. That's right.

Q. You experimented with no other powder, is that right? A. That's right."

Mr. Halle: Down to line 21.

(Whereupon counsel resumed the reading of the [465] deposition of Sidney Coleman as follows:)

"Q. After October of 1951 did you try the product of another company?

A. I did that, sir.

Q. When was that?

A. The exact date I don't know, but I started to experience some trouble with the hold-downs. We could not successfully mix the powder ourselves, and when I say successfully mix, I mean get it thoroughly mixed within the two powders, and Dewey & Almy did not have the facilities or would not undertake to mix the powders for us.

Q. When did they then inform you of that?

A. They informed us of that and—let's say—I would give a guess—March.

Q. Of 1952? A. Of 1951.

Q. 1951?

A. When we first bought the powder from them.

Q. I see.

A. When I started to have some problems with the hold-downs, that they weren't being modified a 100%, because of the mixing arrangement that we

(Deposition of Sidney Coleman.)

had in our own plant, we asked them to do it, and they said, they didn't have the facilities to do it and they recommended somebody to do it for us.

Q. Go ahead.

A. We had this somebody else do it for us and it still was not satisfactory for me.

Q. When was that in the point of time?

A. I would say possibly sixty days or ninety days from the first.

Q. From the first frame that was made?

A. That's right.

Q. That would be February, March, or April of 1951?

A. I think it was earlier than that.

Q. March?           A. March.

Q. Who was recommended to do the mixing for you, Mr. Coleman?           A. Marine Plastics.

Q. Where are they located?

A. In Clinton, Massachusetts.

Q. Did they mix some?

A. They mixed some but they still didn't give me the complete mix that I had to have.

Q. What did you do after that?

A. Then I gave the purchasing agent an order to get me another plastic source of supply that could mix the powder for me, and he came up with two companies that had an equivalent to Darex number 3, each one having a respective [467] name for their—or number for their product.

Q. What were those companies?

A. Monsanto and Bakelite."

(Deposition of Sidney Coleman.)

Mr. Halle: Page 42, line 17.

(Whereupon counsel resumed the reading of the deposition of Sidney Coleman as follows:)

“Q. When did you first receive samples of the products that you are talking about?

A. Almost immediately after the request was made.

Q. In March of 1951? A. That's right.

Q. Did you try them? A. Yes, sir.

Q. What did you find?

A. I found that we had a perfect mix, which was something we did not have before.”

Page 44, line 12.

(Whereupon counsel resumed the reading of the deposition of Sidney Coleman as follows:)

“Q. But you do not know whether it is the same material, is that right?

A. I'm not a chemist, I have no way of knowing, I had to base on what they told me. [468]

Q. In other words you got a material which made a battery hold-down frame which you considered satisfactory, is that right?

A. That's right.

Q. But you do not know what the material is?

A. I personally do not know.”

Mr. Halle: Page 45, line 13.

(Whereupon counsel resumed the reading of the deposition of Sidney Coleman as follows:)

“Q. When was that done?

A. That was done within sixty days from the time we went into production. I think our purchase



(Deposition of Sidney Coleman.)

order will show a delivery of about sixty days after."

Mr. Halle: Page 46, line 14.

(Whereupon counsel resumed the reading of the deposition of Sidney Coleman as follows:)

"Q. Would that be sixty days after you went into production or sixty days after sales?

A. Sixty days after sales."

Mr. Halle: Line 20.

(Whereupon counsel resumed the reading of the deposition of Sidney Coleman as follows:)

"Q. Do you mix the Monsanto and the Bakelite or do (you) use them separately?

A. They're used separately.

Q. One run of frames is made with Monsanto and another will be made with Bakelite?

A. To the best of my knowledge."

Mr. Halle: Page 48, line 5.

(Whereupon counsel resumed the reading of the deposition of Sidney Coleman as follows:)

"Q. You had nothing to do with the development of the Darex number 3?

A. Nothing at all.

Q. Or any Darex product? A. No, sir.

Q. You also had nothing to do with the development of the Monsanto or the Bakelite products?

A. No, sir.

Mr. Halle: Page 49, line 5.

(Whereupon counsel resumed the reading of the deposition of Sidney Coleman as follows:)

"Q. When we speak of the Darex being unsatis-

(Deposition of Sidney Coleman.)

factory because your company couldn't mix it and then you gave it to the other company to mix and they couldn't mix it, how did [470] that show up in the product? A. We had breakage.

Q. It was not a commercially acceptable product, is that right? A. That's right.

The Witness: Let me clarify that. Where we got a good mix—it was where we got a poor mix, that it wasn't.

Q. When I say commercially acceptable I mean for production?

A. Yes. The way we discovered it—we shipped them out and they came back broken. That's when we started to look for trouble.

Q. But it was not satisfactory for your commercial production? A. That's right.

Q. It was not satisfactory?

A. It was not, because of the mix.

Q. Would I be safe in saying that after October, 1951—I mean December 1951, Darex number 3 was permanently abandoned? A. That's right."

Mr. Halle: Line 13.

(Whereupon counsel resumed the reading of the deposition of Sidney Coleman as follows:)

"Q. Did either of you or the company have records concerning the history of the changeover from the Darex to the Monsanto and the Bakelite?

A. No. It was done so quickly after the discovery that we were having mixing problems, that there was nothing except my complaint, which you could have heard all over the place.

(Deposition of Sidney Coleman.)

Q. Did Mr. Crossley have any correspondence with Bakelite and Monsanto?

A. No. I believe he called those gentlemen in and orally had them quote—to submit samples.

Q. Did you make any search for records before coming down today? The notice for examination called for production of certain records. Did you make any search for records.

Mr. Kirschstein: I can answer that. He has brought what the company told him they had."

Mr. Halle: Page 52, line 6.

(Whereupon counsel resumed the reading of the deposition of Sidney Coleman as follows:)

"Mr. Halle: I would like to be a little more specific. So far, during the examination of Mr. Fritsch and Mr. Coleman up to this point we have developed no record concerning the production of the invention.

Mr. Kirschstein: There are no experimental [472] records, as I recall according to Mr. Fritsch's testimony or formulas or drawings or the like relating to the development. No lab notes and so on—correspondence between the company, Van Brode, and suppliers of any of this material we have looked for."

\* \* \* \* \*

"Q. I take it, Mr. Coleman, that you are totally unfamiliar of the chemical formula for any of the materials we have been discussing?

A. I'm not a chemist. I know a little bit more today, of course, than I did when I first got started

(Deposition of Sidney Coleman.)

in the plastic business, but I don't ever make any statement anything further—that I have full knowledge of anything in chemistry. [473]

Q. You could not state any of the formulas to me now, is that right?

A. No. I couldn't. The only thing I could state is that I know Darex number 3 and the equivalents that we are now using contain rubber-synthetic rubber.

Q. You do not personally know of any specifications that Mr. Crossley gave to Bakelite or Monsanto, could you?

A. No. The only instructions that I gave Mr. Crossley was to get me an equivalent, already mixed of what we had with Darex and our polystyrene.

Q. From there on we either have to find out from Mr. Crossley or some other representative——

A. That's right.

Q. Of the company? A. That's right.

Q. Did any of the gentlemen we have already mentioned as having followed your instructions to mix the powders and to put them in the mold, did any of them make any suggestions to you in connection with this invention?

A. They did not, because I didn't even—I happen to be a very strong individual and I would not let them do anything in any direction at all, because I felt I knew what I wanted and I wouldn't let them interfere in any way on it.

Q. Mr. Coleman, do you know what the term

(Deposition of Sidney Coleman.)

high-styrene content means in reference to a butadiene-styrene copolymer? [474]

A. I believe I do. It means that there is lots of styrene in the majority of the material—the majority of the material contains styrene.

Q. When you say majority, would you mean more than 50%

A. This would be what I think is so.

Q. In other words——

A. I have nothing to substantiate. This is just my pure thinking on the thing.

Q. In other words, your pure thinking on the thing, is that right?      A. Yes.

Q. Indicated that a high styrene content——

A. Means more than 50%.

Q. More than 50% styrene?      A. Right.

Q. Have you ever made any effort to determine whether or not the Bakelite material has a copolymer with either more or less than 50% styrene content?      A. No.

Q. Did the plaintiff make any test to determine whether or not the Bakelite product, the copolymer in the Bakelite product contained more than 50% styrene?      A. Not to my knowledge.

Q. Would your answer be the same as to the Monsanto product? [475]

A. That's right."

Mr. Halle: Page 64, line 10.

(Whereupon counsel resumed the reading of the deposition of Sidney Coleman as follows:)

(Deposition of Sidney Coleman.)

“Q. Getting back to that inorganic filler that is mentioned in the patent, I take it, you never used in a commercial production? A. That’s right.

Q. You don’t know whether the present material you are receiving has an inorganic filler?

A. I, not knowing what the compound is, I don’t know.

Q. You don’t know?

A. But they decided not to use the inorganic filler.

Q. What types of inorganic fillers did you use at the time?

A. We were experimenting with two or three different types. I don’t know what they were.

Q. When was that in point of time?

A. Before we—when I was fooling with the other plastics.”

Mr. Halle: Line 5, the next page.

(Whereupon counsel resumed the reading of the deposition of Sidney Coleman as follows:)

“Q. Who did you discuss the inorganic filler with?

A. I discussed it with Mr. Colarusso.

Q. Did you tell him to put in an inorganic filler, Mr. Coleman?

A. I asked him to put anything in that would be necessary, which I didn’t even know what an inorganic filler was. He said he was going to use an inorganic filler. That’s all I knew about it. I didn’t care what he used.” [477]

\* \* \* \* \*



(Deposition of Sidney Coleman.)

“Q. Did you know that during the progress of this patent prosecution the claims were rejected and it went up to the Board of Appeals of the Patent Office? A. I knew of it.

Q. Were you consulted at that time?

A. No, sir.

Q. Were you consulted at any time thereafter until the issuance of the patent? [480]

A. No, sir.

Q. In connection with the question which your attorney directed you not to answer concerning the ingredients in the properties—— A. Yes.

Q. Do you know the ingredients in the properties which were mentioned by Mr. Herzog in the communication of April 2, 1955?

A. I don't know the exact properties, but I know it contained butane—synthetic rubber with a high styrene content.

Mr. Kirschstein: And polystyrene.

The Witness: Polystyrene—no—not polystyrene—and polystyrene.”

Mr. Halle: Page 114, line 13.

(Whereupon counsel resumed the reading of the deposition of Sidney Coleman as follows:)

“Q. As I recall your testimony you mixed some polystyrene and the Darex copolymer number 3 yourself in the laboratory or some was mixed in Van Brode's laboratory, is that right?

A. That's right.

(Deposition of Sidney Coleman.)

Q. Will you be able to mix it, for the purpose of your tests, sufficiently? [481]

A. Yes. We were able to mix.

Q. To get workable frames?

A. We were able to mix a small quantity and we had enough for us to mold enough samples that I could find out whether they were good enough or not.

Q. You could not mix them commercially?

A. No.

Q. Nor would Dewey & Almy?

A. No. Dewey & Almy couldn't mix them commercially." [482]

\* \* \* \* \*

"Q. Is it correct to say that what you received from Bakelite and Monsanto is a completely mixed powder, Mr. Coleman? A. Yes. It was.

Q. Ready for molding? A. Yes."

Mr. Halle: Page 118, line 8. [484]

(Whereupon counsel resumed the reading of the deposition of Sidney Coleman as follows:)

"Q. Darex copolymer number 3—the name Darex copolymer number 3 is a trade name?

A. That's right.

Q. Do you know the general description of that material? A. Yes.

Q. What is that?

A. It's a specific special rubber—synthetic rubber with a high styrene content?

A. What do you call that?

(Deposition of Sidney Coleman.)

A. I think it's called bunadiene or buna S—I'm not sure of that.

Q. When did you first become familiar with that general description, do you recall, generally referring to the year?

A. It was quite a little while before when they went to—when I asked them to get a material that was comparable to Dewey & Almy's material. I then learnt of what Darex number 3 was and also what the competitor's item was made of.

Q. Monsanto and Bakelite?

A. Monsanto and Bakelite.

Q. You testified before that you thought that buna S [485] with a high styrene content would have over 50% of the styrene, is that correct?

A. That's right.

Q. Is that something based on knowledge or is that a guess?

A. That's purely a guess. I have no way of knowing. I took from the high styrene that's what they meant."

\* \* \* \* \*

"Q. You testified that you did not think that the color scheme on the plaintiff's package and the defendant's package for the battery hold-down frames would trick anybody into buying one frame from the other. Who were the people you were referring to that would not be tricked?

A. The jobber, the wholesaler to whom we solicit their business." [486]

\* \* \* \* \*

(Deposition of Sidney Coleman.)

“Q. What did you notice as far as returns of broken hold-downs — ratio of returns after you stopped using the Darex copolymer number 3?

A. After we stopped the copolymer number 3 and we had the proper mixture that came to us already mixed up from the factory our returns became nil.

Q. When you say the proper mixture from the factory you are referring to either Monsanto or Bakelite? A. That’s right.”

Mr. Halle: Page 158, line 23.

(Whereupon counsel resumed the reading of the deposition of Sidney Coleman as follows:)

“Q. Merchandise of this type is sold over the counter, is that right? A. Yes. [487]

Q. A customer comes in and requests a battery frame, is that right?

A. No. This item is sold by the gas station. A customer doesn’t ask for it. The man who drives his car in doesn’t ask for any particular battery frame.

The Witness: You own a car, don’t you?

Mr. Halle: Yes.

The Witness: You got a metal frame more than likely that came from the car manufacturer.

Mr. Halle: Right.

The Witness: It is not giving you any particular problem.

Mr. Halle: That’s right.

(Deposition of Sidney Coleman.)

Mr. Coleman: If somebody told you why this is better you wouldn't change it.

Mr. Halle: If I were to go to a gas station and the attendant said, "Looks like you need a new battery frame," I say, "Okay put one in."

The Witness: You usually don't specify what kind you want.

Mr. Halle: No. You just wouldn't spend your money like that. He would have to give you a good reason why I should have it. I usually don't ask for a particular brand of battery frame, do I?

The Witness: You don't ask for any. [488]

The Witness: Neither does the other customer.

Mr. Halle: Nobody does.

The Witness: The point of sale is not within the consumer, it's with the dealer. He knows the consumer does not know."

\* \* \* \* \*

The Court: How much of it do you want to put in?

Mr. Kirschstein: Your Honor, there is a pretty good amount I would like to read, and I would like to read from another deposition which corrects some erroneous impressions created in the parts read.

The Court: Let's finish with this before you go to the other.

Mr. Kirschstein: Yes, your Honor, that is what I meant to do.

I want to request permission to read the parts after I finish reading this, so as to correct this.

(Deposition of Sidney Coleman.)

The Court: That is all right. If they dovetail, it is perfectly all right.

Mr. Kirschstein: Page 12, line 6, start with the answer:—

(Whereupon counsel resumed the reading of the deposition of Sidney Coleman as follows:)

“A. That wooden sample was made in 1950.

Q. 1950?

A. I don't recall the exact date. It was made, as I recall it vaguely, sometime in the early part of 1950.

Q. Did you show it to anyone?

A. Yes. I showed it to Mr. Eric Fritsch.

Q. Did you also show it to Mr. Van Brode?

A. I showed it to Mr. Brode whose office was adjacent to Mr. Fritsch's at the time, and he also saw it.

Q. Do you recall your conversation with Mr. Fritsch at that time?      A. I said—

Q. If any?

A. I said, “That there was a great need for some—for a plastic battery hold-down or some hold-down to replace the metal one.” Because having spent 40 years of my life in selling automotive electrical parts I knew of the great need of it.

Q. What did you do after that in connection with that wooden sample?

A. I persuaded Mr. Fritsch to have a sample die made to correspond with my wooden sample.

Q. Did you know when that die was made?



(Deposition of Sidney Coleman.)

A. That die was made in the latter part of 1950 or the early part of 1951. It was either delivered in January [490] or December—I'm not sure.

Mr. Kirschstein: You mean January, 1950?

The Witness: January of 1951 or December of 1950.

Q. When did you make your first battery frame out of plastics?

A. The first one was made in January of 1951, just as soon as I had the die." [491]

\* \* \* \* \*

"Q. When did you first start using polystyrene, Mr. Coleman?

A. When we manufactured the first hold-down on the polyethylene, it did not have the characteristics that I needed and required. I talked to the molding foreman and told him I wanted a sample made out of polystyrene, which was made for me, and of course they laughed at me at the time, and of course it was very brittle and broke very easily, and it did not have the characteristics that I needed and wanted.

Q. After giving that nice little speech, will you kindly answer the question and tell me when you made it?

A. In January of 1951." [492]

\* \* \* \* \*

Mr. Kirschstein: Page 31, line 25.

(Whereupon counsel resumed the reading of the deposition of Sidney Coleman as follows:)

"Q. Mr. Kirschstein has offered the information

(Deposition of Sidney Coleman.)

that you started to produce the frames commercially in August of 1951? A. That's right.

Q. And that the first sales were made in October of 1951? A. That's right.

Q. Did you have anything to do with the further development of the frames, if any, between February, 1951 and August of 1951?

A. Yes. I tested them.

Q. What tests did you subject them to?

A. I put them in a refrigerator and brought them down to a low temperature and hit them with a bar—I subjected them to impact. I also put them on our automobiles and watched the performance of each individual one.” [495]

\* \* \* \* \*

Mr. Kirschstein: Page 110, line 4.

(Whereupon counsel resumed the reading of the deposition of Sidney Coleman as follows:)

“Q. You referred to problems and defects you noticed [496] with metal frames, metal battery hold-down frames. A. Yes.

Q. Would you state what those were?

A. Well, having been in the industry for many years in the electrical field I knew the defects of the metal hold-down and the advantages that one could have if he could correct them.

Q. What were the disadvantages?

A. Well, a metal hold-down is very rigid and digs into the storage battery, corrodes, is a conductor of electricity——

(Deposition of Sidney Coleman.)

Q. Are there any bad effects from the corrosion, Mr. Coleman?

A. And the corrosion that occurs creates a flaking of the corrosion which is picked up by the fan and sulphuric acid is blown all over the automobile, which affects the voltage regulators, the fuel pumps, etc.

Q. Go ahead.

A. A plastic battery hold-down would not adhere to the battery, would be good for the storage battery, would not carry current electrically across the battery, and would expand and contract at the same ratio as the battery itself does.

Q. Go ahead.

A. The battery life is greatly increased with a plastic [497] battery hold-down.

Q. What were the characteristics that you felt the plastic battery hold-down frame had to have?

A. Well, it first had to be flexible and it had to withstand both heat and cold, it had to be strong enough to hold the battery down, and it had to be elastic enough to allow the battery to expand and contract without bringing any undue pressure on the battery and it also had to contain the current electrically.

Q. Within the battery itself?

A. Without allowing it to discharge.

Q. You mean it should not be a conductor of electricity——

A. That's right.

Q. Is that right?           A. That's right.

Q. How about the corrosion problem?

(Deposition of Sidney Coleman.)

A. Plastics are non — are impervious to corrosion.

Q. That is what you wanted?

A. That is what I wanted.

Q. I believe that you testified that in the late 40's you had been working at different automotive plastic materials?

A. That's right.

Q. Did you have occasion to familiarize yourself [498] generally and physically with what they were like?

A. Yes.

Q. What did you do with them sometimes?

A. In order to determine what plastic—a unit was made up of we would determine the factor by taking a match and lighting it and applying it to the plastic and determine by the odor what the plastic material was.

Q. Did you ever try to break plastic articles or squeeze them to see what their physical characteristics were?

A. Yes. We did. We knew that polystyrene was very, very brittle. It would break on impact. We knew that polyethylene had a great deal of elasticity and could be squeezed.

Q. These were things you learned in just handling the material?

A. Just by being in the business and being associated with the items.

Q. Did you know that plastic powders were and are sometimes mixed?

A. Yes. I did.

(Deposition of Sidney Coleman.)

Q. Did you know that at the time in the late 40's, Mr. Coleman?      A. Yes. I did.

Q. When you, I believe you said, January, 1951, you saw this plastic cigarette case in the Van Brode [499] laboratory——      A. Yes.

A. I believe you testified you handled it, is that right?      A. Yes. I did.

Q. What was the significance of your contact with that item?

A. Well, it had tensile strength and it had elasticity and it came to me that this was the thing that I needed to put into the hold-down to give me what I was looking for.

Q. Put into what, specifically?

A. Polystyrene.

Q. What did you do after that?

A. I ran over to Mr. Fritsch and I got all excited like a little boy would. I said, "Eric, I got it." He said, "You've got what?" I said, "I think I've got the answer that I've been trying to get." And I explained to him in detail, and you know how Vice Presidents are—usually very non-committal. They expect guys like me in the sales field to be a little eccentric. He said, "So what?" I said "I want to get some of the material." He said, "Go ahead."

Q. Then you got some?

A. Then I got some.

Q. Where did the polystyrene come from?

A. We had thousands of pounds of it in our plant in [500] the manufacture of other items that we were making.

(Deposition of Sidney Coleman.)

Q. As I recall your testimony you mixed some polystyrene and the Darex copolymer number 3 yourself in the laboratory or some was mixed in Van Brode's laboratory, is that right?

A. That's right."

Mr. Kirschstein: Page 119, line 8.

No. Page 130, line 15.

(Whereupon counsel resumed the reading of the deposition of Sidney Coleman as follows:)

"Q. When did you find that your material expanded and contracted at the same ratio as the substitute hard rubber of the battery case?

A. When it was tried.

Q. Was that——

A. When we put them on test in February of 1951.

Q. February of 1951? A. That's right.

Q. You did not know it before that?

A. No.

Q. What tests did you make to determine that ratio?

A. Well, we made a comparison test. A metal hold-down on a battery six months old or more will dig into the side of the case. A plastic hold-down on a battery will not [501] dig into the side of the case.

Q. What other tests?

A. Those were the only tests.

Q. I take it you took an old battery frame and took the frame off and saw that it dug in and then



(Deposition of Sidney Coleman.)

you took a battery of which you placed one of your frames and you found you didn't dig into it?

A. No. We started with two cars—with two batteries.

Q. Go ahead.

A. One had a metal frame and one had—we put on a plastic frame—brand new automobiles. In three months we saw where the metal frame had dug into the metal case.

Q. Was that one?

A. It was more than one. A dozen in every case, except with very few exceptions.

Q. What were the controls you placed on that test? Who watched the batteries? A. I did.

Q. Where did you keep the batteries?

A. They belonged to employees.

Q. They were not under your constant supervision? A. That's right.

Q. Periodically they were driven in personal automobiles? A. That's right. [502]

Q. What are the names of the employees?

A. I can give them to you.

Q. Will you get me those names?

A. Adolph Wheaty.

Mr. Halle: Would you furnish those names to us, Mr. Kirschstein?

A. Yes. We can give them to you.

Mr. Kirschstein: I will have Mr. Coleman tell me the names and I will furnish them.

Q. Do you know the condition of each one of

(Deposition of Sidney Coleman.)

the batteries when you first started making the tests, Mr. Coleman?

A. We tested them on new automobiles.

Q. Brand new automobiles?

A. That's right.

Q. Brand new batteries?

A. That's right.

Q. How long would you test run?

A. Three or four months.

Q. Three or four months from February, 1951?

A. That's right.

Q. You concluded your test in May or June of 1951, is that right?

A. Not only did we conclude our test—that this is an accepted standard in the industry that can be verified.” [503]

Mr. Kirschstein: Page 137, line 17.

(Whereupon counsel resumed reading of the deposition of Sidney Coleman as follows:)

“Q. Who informed you that plastic powders were being mixed? A. Mr. Colarusso.

Q. That was prior to January 1, 1951?

A. That's right.

Q. When did you first learn that you could mix polystyrene with a copolymer? After buna S?

A. I didn't know that it contained buna S.

Q. You know now, don't you? A. Yes.

Q. When did you first learn that a powder of polystyrene could be mixed with a powder of buna S?

(Deposition of Sidney Coleman.)

A. I asked Mr. Colarusso whether this could be mixed with polystyrene and he said, yes.

Q. He told you that on or about January 1, 1951, is that right?

A. After then, some time in February. Shortly after I saw the cigarette case."

Mr. Kirschstein: Skipping to line 12.

(Whereupon counsel resumed to the reading of the deposition of Sidney Coleman as follows:) [504]

"Q. When you said you asked Mr. Colarusso, just what did you ask him?

A. I said, "Gus, will these two powders mix?" And he said, "Yes."

Q. Which two powders?

A. The cigarette case that I had in my hand, which I showed him and the polystyrene. In fact I tried to mix before that, without even consulting with him, polystyrene and polyethylene, and I had a very serious chemical reaction.

Q. When you asked Mr. Colarusso, can I mix polystyrene powder that this cigarette case is made out of, what he tell you?

A. He told me I'll check it and I'll let you know. He came back and told me, "Go ahead, you can mix it."

Q. How long did it take him to check it?

A. It didn't take him long at all. A couple of days.

Q. Do you know whether he made any experiments, Mr. Coleman?

(Deposition of Sidney Coleman.)

A. I think he checked with somebody from a factory. I don't know from where he got his information. After all he is a chemist and I have to buy what he tells me.

Q. Even when Mr. Colarusso told you this you did not know the composition of the different powders, is that right? A. No. I didn't. [505]

Q. Did you show the cigarette case which you received from the Dewey & Almy Company as a sample to Mr. Colarusso? A. Yes.

Q. When you showed it to him, Mr. Coleman, what did you say to him?

A. I said to him, "Gus, this has got the quality that I think I can use in the hold-down. Can I put this with polystyrene and will it work?" And he said, "I'll have to check, and I'll let you know."

\* \* \* \* \*

(Whereupon counsel commenced reading the deposition of Erich Fritsch as follows:)

### ERICH FRITSCH

"Direct Examination by Halle:

"Q. Mr. Fritsch, are you employed by Van Brode Milling Co., Inc.? A. I am.

Q. And they are the plaintiff in this action?

A. That is correct.

Q. What is your capacity with that company?

A. I'm the executive vice president and general manager of Van Brode Milling Co.

Q. Are you also a director?

A. I believe I am.

(Deposition of Erich Fritsch.)

Q. And are you a stockholder?

A. I am not.

Q. Are you generally familiar with the facts [507] concerning this lawsuit? A. I am."

Mr. Halle: Then I asked that the suit patent be marked as Exhibit A on the deposition.

(Whereupon counsel resumed the reading of the deposition of Erich Fritsch as follows:)

"Q. I hand you Defendant's Exhibit A, which is a copy of U. S. Patent number 2710660 and ask you if you know the inventor named therein, Sidney Coleman? A. I do."

Mr. Halle: Turn to page 16, please. Reading at line 3.

(Whereupon counsel resumed the reading of the deposition of Erich Fritsch as follows:)

"Q. Now, did you, at any time, ever become acquainted with the material that Mr. Coleman used—did Mr. Coleman ever show you a model of an item manufactured in accordance with Defendant's Exhibit A?

A. I believe he showed me a wooden model.

Q. And was that made out of several parts nailed together? A. Nailed or laminated.

Q. Was that at the first conversation that [508] you had with him concerning the item?

A. No.

Q. Later on? A. Yes.

Q. Was it after the application for the patent was filed? A. Before.

(Deposition of Erich Fritsch.)

Q. At that time, did Mr. Coleman tell you what material he planned to make the item out of?

A. He told me he was going to make it out of plastic.

Q. Did he mention the name of any company that he would purchase the plastic from?

A. No he did not.

Q. Did Mr. Coleman ever make a production model of the item? A. He himself?

Q. Yes. A. He did not.

Q. Did your company? A. We did.

Q. When did you make your first production model?

Mr. Kirschstein: I direct the witness not to answer.

Q. Did your company make the first production model? A. We did. [509]

Q. And was it at the direction of Mr. Sidney Coleman?

A. Mr. Coleman had no power to direct us to make that production model. We decided we'd want to make a production model.

Q. And was it made by employees of your company?

A. The production model was not made by employees of Van Brode Milling Co.

Q. Who was it made by?

A. Kaskadusa Tool Co."

Mr. Halle: Page 19, line 3.

(Whereupon counsel resumed the reading of the deposition of Erich Fritsch as follows:)



(Deposition of Erich Fritsch.)

“Q. Did Mr. Coleman supervise the manufacture of the first unit in your organization

A. What do you mean by supervised? Mr. Coleman has no knowledge of how to run a molding machine so therefore he's not qualified to supervise.

Q. What did Mr. Coleman do, if anything at all, in connection with making the first unit at your plant on Cameron Street in Clinton, Massachusetts?

A. He came in with this item as we discussed. We had a mold made. The question of materials were recommended by Mr. Coleman who had been in touch with a number of plastic manufacturers who manufacture molding powder such as [510] Bakelite, Monsanto, Dow Chemical Company.

Q. And did he also consult with the Dewey and Almy Co.?           A. I believe he did.

Q. And as a result of those consultations did he bring in a material for you to use?

A. He brought in a material that he recommended we use.”

Mr. Halle: Page 22, line 1.

(Whereupon counsel resumed the reading of the deposition of Erich Fritsch as follows:)

“Q. And some of the work was done in your laboratory?

A. Some was probably done in our laboratory. Our molding laboratory had to waste some time on our molding machines. It didn't mold properly, and so forth.”

Mr. Halle: Skip down to line 14.

(Deposition of Erich Fritsch.)

(Whereupon counsel resumed the reading of the deposition of Erich Fritsch as follows:)

“Q. Did there come a time when Mr. Coleman told you to order material from a particular company?

A. He would not tell us—he would recommend. There’s a little difference. After all, he’s not employed by Van Brode Milling Co. He can only suggest.

Q. Weren’t these services performed for you as a part of your general arrangement with Mr. Coleman? [511]

A. Actually, Mr. Coleman was not receiving a cent while this was being done.

Q. Why don’t you answer my question? Do you know whether Mr. Coleman was performing these services as a gift or as part of his arrangement with you? A. Part of our arrangement.

Q. Whether he directed or suggested you to do something, did there come a time when he named a certain company to purchase powder from to make the unit of the plastic battery hold-down frame?

A. Yes.

Q. What was the name of that company?

A. I believe it was Dewey and Almy.

Q. Did he show you anything in support of his recommendation to purchase the powder from Dewey and Almy?

A. He showed me a finished hold-down that was made.

Q. That was after you had made the mold?

(Deposition of Erich Fritsch.)

A. After we had made the mold.

Q. In other words, the mold was made first and at the time the mold was made, the choice of material was still in doubt?

A. I have no way of knowing. We ordered the mold and then we saw the plastic material that was used by Dewey and Almy and whether he had a plastic material before, I don't know. [512]

Q. I'm asking you if you knew of a plastic material at the time the mold was made?

A. I did not.

Q. The various materials tested were tested in the mold made at Kaskadusa Tool Co.?

A. That's correct.

Q. And at that time, you had only one mold, is that correct?      A. One mold.

Q. Do you know how long it took from the time that you received the mold from Kaskadusa Tool Co. until you had decided on the material of the Dewey and Almy Co.?

A. I think as soon as the mold arrived, the material was on hand to be tested.

Q. Well, you also had other materials at that time, to test?      A. Probably.

Q. Now, how long was it until you made the decision, after the testing period, to use the Dewey and Almy material?

A. I can't recall the exact time.

Q. Was it a matter of some weeks?

A. Maybe a couple of weeks. That they were

(Deposition of Erich Fritsch.)

going to be the source of supply or that we were going to purchase some material from them?

Q. That's right.

A. I have to say I imagine—I don't know—it was [513] within a couple of weeks, because we were very anxious to see what this item was going to be."

\* \* \* \* \*

"Q. I'm directing your attention to the time when the mold was delivered to your company from the Kaskadusa Tool Co., and I understand that at that time you had powders from several different companies to test on that mold in making the battery hold-down frames. I also understand that within a period of a few weeks your company made a decision to use the Dewey and Almy product in making that unit? A. Yes.

Q. At that time, did you find that any other powder made by other companies or company was satisfactory for your purpose?

A. All I can tell you is that after a period of time, Dewey and Almy was found to be unsatisfactory, very shortly thereafter.

Q. And you then substituted Dewey and Almy powder with [514] a different powder?

A. I don't know whether they used Dewey and Almy's with somebody else's. I don't know.

Q. But at any rate the battery hold-down frame made with the Dewey and Almy powder alone was not satisfactory?

A. It did not give us what we were looking for in a good well-rounded item."

(Deposition of Erich Fritsch.)

Mr. Halle: Turn to page 28, please, line 16.

(Whereupon counsel resumed the reading of the deposition of Erich Fritsch as follows:)

“Q. And did you find that in the original battery frames there was a weakness in construction?

A. In the original frame, there was a weakness in construction.” [515]

\* \* \* \* \*

“Q. Did Coleman ever give your company a written formula for a plastic for the material for a plastic battery hold-down frame?

A. I don’t know of any written formula.” [517]

\* \* \* \* \*

“Q. I believe you testified on October 11, 1957, that the present practice of your company is to mix one of these powders, some Bakelite powder or Monsanto powder, with some other materials in molding. Mr. Coleman testified that you used the powder as you receive it from the supplier, without any change other than to mold it into a battery frame. Now, do you know which is the correct answer? A. Yes.

Q. Which?

A. We mix both. We use two materials and they are mixed. Mr. Coleman was in error. In fact, last night was the last time I had seen him. I asked him “How come you said that?”; and he said “I never said that.” He was in error then. He didn’t think he was making such a statement.

(Deposition of Erich Fritsch.)

Q. He may not have thought so, but that is what he said; that is what my recollection is.

A. Well, that is what the testimony reads.

Q. But, at any rate, whether he said it or didn't say it, the correct thing would be to say that it is mixed with some other material?

A. Our present hold-down is made of at least two materials.

Q. Would that be a mixture of Monsanto and Bakelite?

A. Do I have to answer that? These are trade secrets of current nature, I feel.

Q. You claim a privilege of a trade secret?

A. On technique, sure." [519]

\* \* \* \* \*

Mr. Kirschstein: Going back to page 27, line 1.

(Whereupon counsel resumed the reading of the deposition of Erich Fritsch as follows:)

"Q. And the sale of the first unit, was that a unit made with the Dewey and Almy powder?

A. I believe it was.

Q. Was it after that date that you found that the Dewey and Almy powder was not entirely satisfactory?

A. Now, whether at that time, we also had another material, I can't answer because there's no question that we had some Dewey and Almy material in the beginning.

Q. What I'm trying to do is refresh your recollection.

A. We did sell some items with Dewey and Almy



(Deposition of Erich Fritsch.)

powder. These items might have been made prior. I know nothing was [532] sold because no invoice was made—I talk about a sale, I mean actually shipped out—until the beginning of 1952.

Q. Now, taking the first sale as a point of reference, does it refresh your recollection as to the date when your company discovered that the Dewey and Almy powder alone was not entirely satisfactory?

A. The date? I didn't look at the date. It wouldn't mean anything to me particularly.

Q. The one thing doesn't relate itself in your mind to the other? A. No.

Q. Well, would you say that the item was proved unsatisfactory after you'd had some sales experience with it?

A. I think it was a question of testing and continually testing—put them on a car in cold weather. I know I had them on my car.

Q. And was that during the winter of 1951-52?

A. I would say so.

Q. Can you recall which month you had it on your car? A. I don't recall the months.

Q. It was during freezing weather?

A. It was during cold weather.

Q. Did you find that the battery frames contracted in cold weather? A. No. [533]

Q. What did you find was unsatisfactory with them?

A. It was an acceptable item, however it could

(Deposition of Erich Fritsch.)

stand improvement. We changed the structure, made certain parts stronger.”

Mr. Kirschstein: Page 33, line 18.

(Whereupon counsel resumed the reading of the deposition of Erich Fritsch as follows:)

“Q. Did you receive returns of battery hold-down frames during the period, 1952?

A. I don’t think so.

Q. No frames were returned?

A. I don’t know of any.

Q. You don’t know of any frame being returned because it was unsatisfactory?

A. I, myself, don’t know of that.

Q. Who would know that?

A. I think we’d have to check if there’s any returns in the accounts receivable or Mr. Coleman would know. Let me modify that in one way. If an account went out of business and merchandise was returned, certainly, there must have been a refusal, but I, myself, don’t know of any specific return.

Q. Mr. Coleman would be the man to know if there were any returns because the material was unsatisfactory?

A. I imagine so. I don’t recall of any complaint from [534] the outside of our material being unsatisfactory.”

Mr. Kirschstein: Page 40, line 19.

(Whereupon counsel resumed the reading of the deposition of Erich Fritsch as follows:)

(Deposition of Erich Fritsch.)

“Q. Did Mr. Coleman ever give you a sketch of a plastic battery hold-down frame?

A. To me, personally?

Q. To your company? A. Probably.”

Mr. Kirschstein: Page 66.

There are some exhibits here that I think we want. Did you mark Exhibit L?

Mr. Halle: No.

The Court: You can mark them now.

Mr. Kirschstein: This is Defendant's Exhibit L in this deposition, which I am having marked now as a plaintiff's exhibit.

The Clerk: Plaintiff's Exhibit 86.

The Court: All right.

(The exhibit referred to was marked as Plaintiff's Exhibit No. 86 for identification.)

The Court: What is this, roughly?

Mr. Kirschstein: Invoices from the Dewey and Almy [535] Company.

The Court: I presume that is to establish the date which Mr. Coleman didn't know?

Mr. Kirschstein: It is to establish, your Honor, the quantity of powder that was bought from Dewey and Almy and actually used in frames.

The Clerk: Plaintiff's Exhibit 86 is marked for identification.

The Court: All right.

(Whereupon counsel resumed the reading of the deposition of Erich Fritsch as follows:)

“Q. I hand you Defendants' Exhibit L for identification, Mr. Fritsch. These are papers which your

(Deposition of Erich Fritsch.)

counsel has furnished to us in reply to a request made for records concerning the Dewey and Almy Chemical Company. Did you furnish these papers to your counsel? A. I have.

Q. Who made the search for these papers?

A. I directed Mr. Crossley, and a girl in correspondence, a stenographer, to look in the general file for them.

Q. When was that search made?

A. Prior to my last testimony.

Q. That is, prior to October 11, 1957?

A. In other words, when we were requested to bring whatever files we had available. [536]

Q. Now, in this exhibit there are some letters from Dewey and Almy Chemical Company to Mr. Colarusso of your organization. There are other letters between your organization and Dewey and Almy Chemical Company. There are invoices for the purchase of Darex copolymer No. 3. Do the invoices contained in this exhibit represent the total purchase of Darex copolymer No. 3 for battery hold-down frames by your company?

A. These are all we have been able to find, yes, sir."

Mr. Kirschstein: Page 69, line 9.

I need the other exhibits for this.

Mr. Halle: Do you just want to establish a date of purchase?

I will stipulate that and we can save some time that way.

Mr. Kirschstein: Your Honor, we are stipulating

(Deposition of Erich Fritsch.)

that the first order by the plaintiff from the Bakelite Company was June 18, 1952.

Mr. Halle: It is so stipulated.

The Court: All right.

Mr. Kirschstein: And the first order from the Monsanto Company was on August 12, '52.

Mr. Halle: So stipulated.

The Court: All right.

This Exhibit 86, the invoices, would indicate [537] November 2, 1951. 40 bags, I think. I don't know what that means. "14—40 bags Darex Copolymer No. 3 (36 bags—back ordered)"—what does that mean?

Mr. Kirschstein: I don't really know, your Honor. I put the exhibit in to demonstrate the quantity of powder that was purchased from the Dewey & Almy Company.

The Court: All right.

Mr. Kirschstein: Mr. Miller tells me that what that means is they made an incomplete delivery the first time and they were completing it.

The Court: There are several invoices, however. That is one of them, November 2nd. The price \$257.60.

And then there is one dated October 22nd, evidently they go backwards, giving 10 bags, price \$184.00.

And then there are letters, and then there is another one, November 8, 1951, 40 bags, and 29 bags, \$533.60.

Then a receipt follows, and then another order,

(Deposition of Erich Fritsch.)

November 8, '51, seven 40-pound bags, \$128.89, and then a receipt for those. And then another receipt, and the rest is correspondence relating to them.

Mr. Kirschstein: I would like to explain that the reason for this is that Mr. Coleman was mistaken as to how soon the Darex was stopped being used——

Mr. Halle: Are you putting that in to impeach your own witness? [538]

Mr. Kirschstein: No. I am making a statement.

The witness at the time didn't testify from records, and it turned out the material had been used a year longer.

The Court: That is all right.

Mr. Kirschstein: In reading the depositions the way they were read, an erroneous impression was created, and that is why I am taking the time to show your Honor how much was used.

The Court: It was quite apparent that he was testifying from memory and didn't have it, and if these had been presented to him later on, he would have identified them.

That is not impeaching one's own witness; it is merely supplying a deficiency in a witness' testimony due to the fact that he didn't have the records before him.

Mr. Kirschstein: That is exactly it, your Honor.

The Court: All right.

Mr. Kirschstein: Page 77, starting with the answer on line 5:

"We use Bakelite material"——



(Deposition of Erich Fritsch.)

The Court: You gentlemen have been using these depositions back and forth, and there is no record made that either of you were resorting to 43(b), so the ordinary rules don't apply. We presume that all witnesses speak verity, and you introduce them for whatever purpose they are material. That is of course the danger of a deposition. [539]

When you have live witnesses, you can protect yourself against a statement by an opponent by calling him under 43(b), and you can contradict him.

I merely wanted to see what the object of this group of letters was.

Mr. Kirschstein: That exhibit shows how much was actually used.

The Court: Evidently a large quantity, beginning in October.

Mr. Halle: But, of course, a lot of it was wasted, because they couldn't mix it, your Honor.

Mr. Kirschstein: I object to that statement.

The Court: I pay no attention to statements of counsel that are comments on the evidence.

I think you have done pretty well, so let's keep that up.

(Whereupon counsel resumed the reading of the deposition of Erich Fritsch as follows:)

"A. We use Bakelite material and we use Monsanto's material, the two purchase orders herein covered, covering the first purchases from each company.

(Deposition of Erich Fritsch.)

Q. How long have you been using those materials in that fashion?

A. Since about 1952.

Q. That was when you stopped using the Dewey and Almy material? [5540] A. That is true.

Mr. Kirschstein: I think it should be clear that he means that is when he stopped using the Dewey and Almy material as a modifier for polystyrene. Isn't that what you mean?

The Witness: Not knowing too much about the chemical properties, about the Dewey and Almy or this, I know the Dewey and Almy—the first purchase we ever made of Monsanto was in 1952, so sometime before this date, which was—I don't know—we had to finish using the materials that we had on hand previously."

The Court: That is evidently from Coleman's, too, because he spoke of the returns and breakages, showing that this material had been sent out and had come back unsatisfactory. And this now confirms it.

They being thrifty New Englanders, they wanted to use the material before they started something else. [541]

\* \* \* \* \*

Mr. Kirschstein: Page 84, line 11.

(Whereupon counsel resumed the reading of the deposition of Erich Fritsch as follows:)

"Q. Since we have had a chance to talk on October 11, and since you have spoken to Mr. Coleman at various times since then, have you made any ef-

(Deposition of Erich Fritsch.)

fort to determine when you definitely stopped using the Dewey and Almy powder in commercial production?

A. When we were searching for the first purchase order—there is no record of production records that would indicate when one material is stopped and when one material is started, so therefore you have to narrow it down to when did you purchase the next material, and then you have to base your assumption that when you received the new material the old material must have been used up, because we didn't throw it away.

Q. So that if your first purchase of Monsanto material was 8/6/52—that would be August 6, 1952—and your first purchase of Bakelite was on 7/8/52—I guess that is July 8, 1952—it would be fairly certain that you didn't use either one of those materials prior to the dates or purchase? [542]

A. That is correct.

Q. And that all of the frames shipped out before then would have been made with the Dewey and Almy copolymer plus the polystyrene.

A. Sure.

Q. I refer to Exhibit 31."

Mr. Kirschstein: That was the sales analysis.

(Whereupon counsel resumed the reading of the deposition of Erich Fritsch as follows:)

"Q. I refer to Exhibit 31. The first entry would be June, 1951 to, I believe—what was the end of your fiscal year then?

A. I think we were going in May. Actually, look-

(Deposition of Erich Fritsch.)

ing in the ledger, though, of course, it shows May 31 or June 1, where this entry is \$16,339.35, right here (indicating); and that is June 1.

Q. And that would represent shipments on or before June 1, 1952? A. Right.

Q. Would those figures of shipments show what returns were made on those \$16,000 worth of frames?

A. Not in this particular page.

Q. Would you have it on another page?

A. I see 1951 and 1952 returns, plastic, forks, knives, hold-downs, \$470.06.

Q. That does not indicate why those returns were made, does it? A. No.

Q. That figure is not significant as to why the frames were returned? A. No.

Q. Would it be safe to say that sometime after June 1, 1952, and within a month or two thereafter was the time when you stopped shipping frames made of the Dewey and Almy material?

A. After June 1, 1952?

Q. Yes.

A. That would be rather hard to say, because—since when we brought in Bakelite's material in July—So there is a possibility that we had a quantity of hold-downs made on hand in July of 1952 of Dewey and Almy. There is no way of determining that.

Q. Do you know how many pounds of material it takes to make a frame?

A. I have an idea, yes. You can weigh it up.

(Deposition of Erich Fritsch.)

Q. About how much?

A. We weighed it.

Q. In other words, the weight of the frame weighs approximately the same as the weight of the material that goes into it? [544]

A. Exactly. You might lose one tenth of one per cent in waste, or something that is thrown away.

Q. The figure of about \$16,000 would be approximately 32,000 frames?

A. I can't use that figure back in 1951, because the price at that time was a lower price, you see, so when Mr. Kirschstein asked me what is the average price today, I said, 'About sixty cents or fifty cents.' So it varies, you see." [545]

\* \* \* \* \*

#### ISADOR MILLER

recalled as a witness herein, having been heretofore duly sworn, was examined and testified further as follows, in rebuttal:

#### Direct Examination

Q. (By Mr. Kirschstein): Mr. Miller, if in early '51 or 1950 you had wanted [551] to make a battery hold-down frame of plastic, was there available on the market an appropriate plastic for you to select?

A. No complete molding powder with the necessary properties was available in 1951.

Q. If you had wanted to make such an object out of polystyrene, and recognized the deficiencies



(Testimony of Isador Miller.)

of polystyrene, what would have been your attack on the problem?

A. Well, knowing that we required a material which had a certain rigidity or building strength, as well as elasticity, I would have endeavored to modify the properties of the polystyrene by the introduction of a plasticizer, and in that way hope to arrive at a material which would have the proper resiliency and flexing strength for the purpose.

Q. Is this what the inventor did?

A. No, sir.

Q. When did the term "high impact styrene" first come to your attention?

A. The term "high impact styrene" came to my attention either the end of 1951 or early in 1952, as a material available on the market.

Q. Do you recall how it first came to your attention by any chance?

A. One of my clients attended a meeting of the Society of Plastics Industry which, if I remember correctly, took place in December of 1951, and reported to me on the subject [552] matters which had been discussed and which had come to his attention at that meeting. That meeting I believe was held in Detroit. He mentioned to me that either through a slip in the course of one of the meetings, or at one of the so-called receptions in the suite of the Bakelite Company, one of their men had let slip a statement that before very long the Bakelite Company was going to put upon the market a high



(Testimony of Isador Miller.)

impact polystyrene superior to anything which had been on the market previously.

Q. Did Bakelite have high impact styrene in 1948?      A. They did not.

Q. Can you substantiate that?

A. I believe I can. I have a book called *The Handbook of Plastics*, edited by three men, Simmons, Weth and Bigelow. The Weth in this case is a former research director of the Bakelite Company in the Banbrook plant, which is the plant which manufactures their polystyrene molding powders. The preface to the book is dated 1948. The section in the book on polystyrene is written by a member of the research department of the Bakelite Company.

In this book there is a section which is on page 107 headed Bakelite Corporation Unit of Union Carbide and Carbon Corporation, Bakelite Brand Plastics.

At the bottom of the page starts the section on polystyrene molding plastics, and that section does [553] not mention a high impact styrene.

Incidentally, I may say that this section of this book, as is well known to everybody who knows the book—I am personally acquainted with two of the editors—this section of the book is practically nothing but a reprint of the catalogs, the catalog sheets of the various manufacturers, and, as I say, in this particular section which is substantially a reprint of Bakelite data as given out to the trade, there is no mention of high impact styrene.

(Testimony of Isador Miller.)

In the section on page 421, which is the section designated Polystyrene, next to the title there is a number referring to a footnote, and this footnote says "Prepared in cooperation with Virgil Mayhard, Bakelite Corporation." Mr. Mayhard is not personally known to me.

In this section, also, where they give the various forms, where he discusses polystyrene, its uses and properties, there is no mention of any material which he designates as high impact polystyrene.

From that I conclude that at the time of the publication of this book, in other words, in October of 1948, a commercial high impact polystyrene was unknown to the Bakelite Company.

Q. When does the term "high impact polystyrene" first appear in *Modern Plastics*?

A. 1952. [554]

Q. Have you anything to substantiate that?

A. I have.

Q. These Exhibits 82, 83, 84, and 85, I hand you.

A. These exhibits, your Honor, are photostats of the title page, the index page or pages, and the page referring to the properties of polystyrene as described in these issues.

In the 1949 issue under the title "Styrene," it starts on page 20, "Styrene Resins"——

Q. (By Mr. Kirschstein): What exhibit is that, Mr. Miller?

A. This is Exhibit No. 82. This is the 1949 copy. The index page starts on page 20. In the third col-

(Testimony of Isador Miller.)

umn on the right-hand side there is the title "Styrene Resins."

The index continues to the next page, page 21, and I will read the last two entries on page 20 under "Styrene," "Finishing," "Foamed," "High Styrene Copolymers," "Identification Chart." The term "high impact" does not occur on that page.

In the 1950 issue, corresponding——

Q. What exhibit is that?

A. No. 83. In the corresponding sections we have "Styrene Resins," reading in the same way, "Finishing," "Foamed," "Heat Sealing," "Identification."

The term "high impact" as a classification [555] of styrenes which are to be discussed does not appear.

In Exhibit No. 84, which is the 1951 corresponding sheets, the index sheets on page No. 12, the section "Styrene" — under "Styrene" we have "Foamed," "Glass Mat," "Heat Resistant," "Housings, Machine," "Lacquers For," "Latex." The term "high impact polystyrene" as a section to be discussed does not occur.

In Exhibit No. 85, which is the 1952 section, the index page No. 15 under "Styrene" has the terms "Foamed," "Foamed, Fabricating," "High Impact, Molding, page 74." This is the first issue in which the term "high impact polystyrene" appears in Modern Plastics. [556]

\* \* \* \* \*

Q. (By Mr. Kirschstein): Mr. Miller, you have

(Testimony of Isador Miller.)

been handed a copy of Defendant's Exhibit A, the Goodrich patent; are you familiar with that?

A. I am.

Q. Was the modified polystyrene described therein known to you in 1951?

A. It was not.

Q. Was information as to its composition available to you in early '51? [559]

A. It was not.

Q. Why is that?

A. This patent issued on the 11th day of December 1951, and the subject matter therein described was in the Patent Office and in the Patent Office files, the patent was under prosecution, and that information was not available to me.

Q. Have you examined the claims of this patent?

A. I have.

Q. Do they relate to an article?

A. They relate to an article, to a molded battery container.

Q. Molded battery container?

A. All the claims read on a molded battery container. There are seven claims in the patent.

Q. Does the patent indicate any other use for the materials?

A. In the body of the specification the patent states that these materials described in this patent are suitable for use as stiffening agents for shoe soles and heels.

Q. Are you familiar with the Goodrich Company? A. I am.

Q. What is their primary business? [560]

(Testimony of Isador Miller.)

A. The Goodrich Company is a rubber and rubber goods manufacturer, which among other things manufactures batteries.

Q. Do they make finished articles?

A. They make finished articles in the rubber field.

Q. Did you hear the testimony of Mr. Stringfield regarding a comparison of the teachings of the Goodrich patent and the suit patent?

A. I did.

Q. Do you agree with his testimony?

A. I do not.

Q. In what respect don't you agree?

A. The Goodrich patent relates to a molded battery container and relates to a molding compound. The suit patent relates to a hold-down frame made from a specific material.

Q. Outside of the difference in the articles, is there a difference in the teachings of these patents beyond that?

A. In the words—as I say, referring to the molding art in one case——

Q. In which case?

A. In the Goodrich case, and in the other to a specific use for a specific purpose, it relates to a modification of polystyrene so as to make it suitable for a specific use, namely, a hold-down frame. [561]

Q. What is the Goodrich patent concerned with, primarily?

A. It is concerned primarily with a battery container of a given composition.



(Testimony of Isador Miller.)

Q. And what, with respect to that container?

A. The molding properties of that container—it is a hollow, five-sided object, and the molding properties which must be inherent in a material which is suitable for the manufacture of such a hollow, five-sided object.

Q. Do you know the material of which battery casings have ordinarily been made?

A. Ordinarily have been made of hard rubber, so-called hard rubber.

Q. Is there any suggestion in the Goodrich patent to making a plastic battery hold-down frame with the material? A. There is not.

Q. Referring to the 1950 Modern Plastics Reference, Defendant's Exhibit T, are you familiar with that reference? A. I am.

Q. Does it anywhere suggest making a battery hold-down frame from any of the materials shown in it? A. It does not.

Q. Does any reference submitted by the defendant show this, or suggest this? [562]

A. None of the references I have seen. Mr. Kirschstein, I would modify that to say that yesterday afternoon the defendant introduced four structural patents, of which I believe at least two referred to a battery hold-down frame.

Q. I am talking about the references having to do with plastics and plastic materials, do they suggest anywhere using any of the same for battery hold-down frames?

A. None of the references indicate that use.

\* \* \* \* \*



(Testimony of Isador Miller.)

Q. (By Mr. Kirschstein): Did you hear Mr. Stringfield's definition of a Buna S with a high styrene content? A. I did.

Q. Do you agree with that definition?

A. I do not.

Q. Could you explain to us why?

The Court: I will sustain an objection because he has already told us that in his opinion everything from 25 up is high, and it is just merely repeating what he already told me before.

Mr. Kirschstein: I just want him to explain why. Mr. Stringfield had an opportunity to criticize Mr. Miller's definition. I simply want Mr. Miller to explain why he feels it should be defined his way, that is all.

The Court: He has told us that in his opinion anything 25 per cent or over is high. And the other man said in his opinion—he didn't criticize the other man's opinion, but he merely said in his opinion—and your inventor agrees with him, your inventor says that high means 50 per cent or above. That is what his testimony is in this case. [568]

Mr. Kirschstein: He didn't know, your Honor—

The Court: That doesn't make any difference. That is why I said we have three views; the inventor who says the defendant's expert is right, and your expert says the inventor is wrong; he didn't know anything about it. But you are not defending Mr. Miller. Mr. Miller didn't invent this process.

\* \* \* \* \*

(Testimony of Isador Miller.)

Q. (By Mr. Kirschstein): Mr. Miller, if somebody showed you the suit patent and asked you to make a battery hold-down frame on the basis of that disclosure, would you be able to do it?

A. I would be able to use the proper material for making it.

Q. Would you have any trouble finding a method of mixing? [569]

A. I would not.

Q. Why is that?

A. In the rubber and plastic art there are standard pieces of equipment which are used for practically all mixing operations.

In the plastic art these pieces of equipment were adapted from the rubber art. They consist essentially of two classes. One is what can be described as mixing rolls, and the other is internal mixers best illustrated by the Banbury type mixer.

Those are the tools which are available to us in the rubber and plastic art for the mixing of materials, and I would know in order to mix the materials described in this patent I would require the use of those tools, and I would know how to use them, and I therefore would not anticipate any difficulty in arriving at a proper mix.

Q. Would you have any difficulty with the molding temperatures or pressures?

A. I don't think so. I know I would not have any difficulty because each plastic has its own range of temperatures at which it gives optimum results. And as far as the pressures required for a given plastic, those pressures are also a function of the

(Testimony of Isador Miller.)

machinery available for molding that material, and in injection molding material those pressures would be within a given range, and I would not have any [570] difficulty in choosing the range which was suitable both for the material and for the equipment.

Q. Would you have any trouble in getting your formulation?           A. I would not.

Q. Have you ever worked under a patent before?           A. I have many times.

Q. Were you ever able to immediately get the exact formulation for the best result?

A. I don't believe I have ever been able to get the optimum results in the first try. But in any patent where the disclosure is given, for anybody who works in the particular art and is familiar with the particular art, there is no difficulty in arriving at a practical result even though it may not be the optimum.

Q. Does the suit patent differ from this, in your opinion?

A. Not in my opinion. [571]

\* \* \* \* \*

The Court: But you heard the testimony read of an officer of plaintiff's company, that for eight or nine [574] months, from August, if I remember, of 1951, to '52, they experimented with this Dewey & Almy product, but they proved breakable and unsatisfactory, and until they turned to Bakelite and had a more homogeneous mixture——

The Witness: The result was undesirable.

The Court: ——the result was undesirable.

(Testimony of Isador Miller.)

It is only when they struck upon the Monsanto material——

The Witness: Let me be so bold as to speak out of turn, because I am now in a position where I am not answering a direct question, but since you have brought up the question of testimony, may I call to your attention that just before the noon recess from one of the depositions that was read it was shown that out of \$16,000 worth of materials which had been shipped, only \$470 odd worth of returns had been returned, and——

Mr. Halle: Your Honor, may I——

The Witness: As I say, I am a little out of my province.

Mr. Halle: May I move that this answer be stricken?

The Court: Yes, it may be stricken.

What I meant to say is this: Don't you think that a patent, from the standpoint of a chemist—I will decide the legal question.

The Witness: I believe you will, your Honor.

The Court: But from the standpoint of a chemist, don't you think that a disclosure which would require you to experiment for months with the ingredients, and look for substitution, lacks something from a scientific standpoint of having that accuracy which should attach to an invention, aside from any legal question?

The Witness: But, your Honor, I do not agree with you that this invention is so described as to require months of experimentation in order to ar-

(Testimony of Isador Miller.)

rive at a proper formulation, nor do I agree, if I may be so bold as to say so, with your Honor's statement that this invention also requires experimentation to arrive at a proper substitute.

The Court: I am going by what the evidence showed, that they finally had to abandon that Dewey product and substitute for it after eight months.

\* \* \* \* \*

The Court: He started out by claiming the entire field.

I want to go back to that claim 1 that was rejected, because to me the whole lawsuit hinges upon that, and that is upon the two original claims which were rejected. All he asked for was a one-piece battery hold-down frame formed of plastic material comprising sides, ends connecting said sides, and diagonal clamping members at the juncture of said sides and ends, said clamping members being disposed above the top faces of said ends and sides, the plastic material of which said frame is formed having good electrical insulating properties, resisting changes in physical properties at different temperatures and possessing strength and toughness sufficient to withstand pressure to which the frame is [602] subjected in its function to hold the battery on its support by having enough flexibility to prevent breakage of the battery top against which said diagonal clamping members bear in the holding down operation.

The second one was a one-piece battery hold-down frame according to claim 1, including lugs for en-



gagement with means which force said clamping members into engagement with the battery top.

In other words, he was claiming the whole field of plastic batteries.

He said, "I am the first one who thought of using it in that connection. I want it all."

That was rejected.

The Appeals Board heard it, and they upheld the rejection.

When he came back he tried to recapture this, plus the four new ones. The Examiner modified many and struck out these two, so all he has got is the four claims which are merely a certain type of plastic hold-down frame.

Now, if, as you say, any person by picking this up could manufacture it without the quantities being given as to ingredients, if that is sufficient, then it is too broad. All you have to do for anybody, whoever does that, is to put your own interpretation upon the word "high."

Now, if that is what you claim, you are claiming [603] the entire field, then the Patent Office was wrong in not allowing you a monopoly on everything that is made.

Is the quantity necessary?

It is admitted that it is necessary, because even Mr. Miller says with all his scientific knowledge that he would try, knowing chemistry, he would try to combine various things until he arrived at the proper thing.

Now, is an inventor who is as hazy in his description that a word that he uses can be inter-



preted by himself as meaning 50 per cent, by an expert employed by his own company who says he doesn't know what he is talking about, because it is anything above 25, and by a third man, who is a scientist and expert brought in by the defendant, who says that "high" would be over and above 50—is a man like that to be given the benefit of a full disclosure which he did not make?

On the other hand, if you limit him, if you say, "This is sufficiently described," then of course if you place patentability on the word "high," then it becomes a question in each case whether it is high or low, and therefore anything below 50 per cent, if we take the inventor's word for it, or the defendant's expert, isn't infringement.

In other words—I am not putting it correctly. It is the end of the week and I am usually tired after a long week. Perhaps it will read better than it sounds. [604]

The point is this: We are in this dilemma of allowing a hazy description, and if we say this description is sufficient, then we give him a monopoly to which he is not entitled. And by contrast if we say this is subject to proof as to what is high, in view of the fact that there is no standard, and three persons, including the inventor, do not agree as to what is high, then we have one of two dilemmas: Either the man who uses a lower percentage in the mixing of material is not infringing, or the disclosure is inadequate.

If it is inadequate, then there is no invention, because the combination of the two themselves is

not what he taught to the art of chemistry. The art of plastics taught what these two elements will do when combined. [605]

\* \* \* \* \*

Mr. Kirschstein: He suggested making the frame of plastic, and provided a plastic to make it out of, and that made a substantial contribution to this industry.

The Court: Then you are back to your original. Anyone who makes a plastic out of the two in what [611] you consider a high combination—he doesn't say how much. What is a high combination, then?

If that is true, then there is not enough disclosure. There cannot be enough disclosure if the inventor himself can disagree with the theory on which his assignees try the lawsuit. [612]

\* \* \* \* \*

[Endorsed]: Filed August 18, 1958.

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[Endorsed]: No. 16168. United States Court of Appeals for the Ninth Circuit. Van Brode Milling Co., Inc., Appellant, vs. Cox Air Gauge System, Incorporated, Appellee. Transcript of Record. Appeal from the United States District Court for the Southern District of California, Central Division.

Filed: August 25, 1958.

Docketed: September 3, 1958.

/s/ PAUL P. O'BRIEN,

Clerk of the United States Court of Appeals for the Ninth Circuit.

In the United States Court of Appeals  
for the Ninth Circuit

No. 16168

VAN BRODE MILLING CO., INC.,

Appellant,

vs.

COX AIR GAUGE SYSTEM, INC.,

Appellee.

CONCISE STATEMENT OF POINTS UPON  
WHICH APPELLANT INTENDS TO RELY  
UPON APPEAL

Comes Now the appellant in the above entitled action and, pursuant to the provisions of Rule 17(6) of the Rules of the United States Court of Appeals for the Ninth Circuit, files a concise statement of the points upon which appellant intends to rely:

1. The court erred in finding that (Finding of Fact 13):

“There is nothing in the record to indicate that the color red on the frame or the colors red and white on the boxes, have become associated in the minds of either prospective customers or suppliers with the plaintiff’s product or that either have acquired a secondary meaning which identifies their source and sponsorship with the plaintiff.”

2. The court erred in failing to find that plaintiff had established a secondary meaning in the

color red as identifying plastic battery hold-down frames of said color as originating from plaintiff.

3. The court erred in finding that (Finding of Fact 9):

“There is no evidence of limitation or deception which would tend to mislead the public as to the source and sponsorship of the goods.”

4. The court erred in failing to find the color red and the particular shape of plaintiff’s plastic battery hold-down frame had acquired a secondary meaning.

5. The court erred in finding that (Finding of Fact 11):

“There is no evidence of actual confusion or tendency to confuse.”

6. The court erred in not finding that the claim of unfair competition based upon secondary meaning should be sustained on the basis of proof by plaintiff, established by the record, that the color and shape of plaintiff’s battery hold-down frames were not functional, had both acquired secondary meaning and had both been imitated by the defendant.

7. The court erred in not sustaining plaintiff’s claim for unfair competition.

8. The court erred in stating that (Opinion, page 2):

“Nor can he (plaintiff) appropriate the color red for the making of a plastic hold-down frame and,—in the absence of any imitative deceptive devices which tend to mislead the public as to source and sponsorship of the goods,—claim un-

fair competition on the part of another device similarly made of plastic and colored red.”

9. The Court erred in stating that the file wrapper of the patent in suit showed that the inventor still sought to obtain the original two claims of the patent application after the appeal to the Board of Appeals in the Patent Office and pressed these two claims as well as four additional and new claims with the Examiner after the decision of the Board of Appeals (Opinion, pages 4 and 5).

10. The court erred in stating (Opinion, page 6):

“There is nothing in the patent to indicate to anyone skilled in the art what the words ‘high styrene content’ mean.”

11. The court erred in stating that the evidence showed that for the first year after the application for the patent was made, and during which time a considerable number of frames were sold, that the chemical combination employed by the plaintiff did not work successfully (Opinion, page 14; Finding of Fact 47).

12. The court erred in stating that the combination of substances, namely, polystyrene modified by a butadiene styrene copolymer, as called for by the claims, was known and taught in the art for a long time prior to the date of conception of the invention of the patent in suit. (Opinion, pages 14, 15 and 16).

13. The court erred in stating that the patent in suit does not teach how to combine polystyrene with a butadiene battery hold-down frame (Opinion, page 19).

14. The court erred in finding that the Ditz et al patent No. 2,578,518, granted December 11, 1951, taught how to modify polystyrene with a butadiene styrene copolymer of high styrene content to provide a material for a practical plastic battery hold-down frame. (Finding of Fact 30).

15. The court erred in admitting the Ditz et al patent as part of the prior art and in failing to hold that said patent was admissible only on the issue of prior inventorship, if such issue were presented.

16. The court erred in admitting the Ditz et al patent as admissible on the issue of prior inventorship since the invention of said patent was not the same as the invention of the patent in suit.

17. The court erred in stating that the modifying copolymer used in defendant's device had a low and not a high styrene content and that said device, therefore, does not infringe the claims of the patent in suit (Opinion, page 18).

18. The court erred in stating that invention does not lie in recommending either the use of plastic or of one plastic rather than another as a material for a practical battery hold-down frame (Opinion, page 18).

19. The court erred in stating that the use for



which the patent in suit recommends the composition therein described was not new or nonanalogous to prior art teachings (Opinion, page 18).

20. The court erred in finding that the plastic material disclosed in the patent in suit for use in manufacturing a practical battery hold-down frame had been taught in the art long prior to the invention of the patent in suit (Finding of Fact 33).

21. The court erred in finding that the term "high styrene content", as used in the specification claims of the patent, means more than fifty percent (50%) styrene (Finding of Fact 37).

22. The court erred in admitting the deposition testimony of the witness Daniel P. Phillips, particularly with respect to the first use and first date of use of Bakelite material over the objection that such testimony was entirely hearsay.

23. The court erred in stating that it was inevitable that those connected with the plastic and automotive industries would think of using plastics of high resistance for battery hold-down frames (Opinion, page 18).

24. The court erred in finding that (Finding of Fact 38):

"The specification of the suit patent does not contain a written description of the invention and of the manner and processes of making and using it in such full, clear, concise and exact terms as to enable any person skilled in the art to which it

pertains or with which it is most nearly connected to make and use the invention, and it does not set forth the best mode contemplated by the inventor of carrying out his invention.”

25. The court erred in finding that (Finding of Fact 39):

“The specification does not conclude with one or more claims which particularly point out and distinctly claim the subject matter which the applicant regards as his invention.”

26. The court erred in finding that (Finding of Fact 41):

“The term ‘high styrene content’ as used in the patent is vague and indefinite, and as used in the claims is broader than the applicant’s disclosure. Even construing it to mean more than 50% styrene content, it covers too broad a range and gives to the patent holder far more than he would be entitled to.”

27. The court erred in finding that (Finding of Fact 42):

“If invention lies in the use of a copolymer of high styrene content, Coleman did not teach that to the art. It was old in the art and the suit patent cannot claim what Coleman did not invent. The patent does not amount to invention over the prior art.”

28. The court erred in holding the patent in suit invalid (Conclusion of Law 7).

29. The court erred in finding that the battery frame described and claimed in the patent in suit lacks utility (Finding of Fact 51a; Conclusion of Law 7).

30. The court erred in failing to find the patent in suit, including the claims in issue, valid.

31. The court erred in failing to find that the battery hold-down frames of the defendant infringed the claims in issue.

32. The court erred in dismissing the complaint in its entirety (Conclusion of Law 12).

Dated: This 18th day of September, 1958.

LYON & LYON,  
/s/ REGINALD E. CAUGHEY,  
Attorneys for Appellant.

[Endorsed]: Filed September 19, 1958. Paul P. O'Brien, Clerk.

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# United States Court of Appeals

FOR THE NINTH CIRCUIT

No. 16168

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VAN BRODE MILLING CO., INC.,

*Appellant,*

—VS.—

COX AIR GAUGE SYSTEM, INCORPORATED,

*Appellee.*

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APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE  
SOUTHERN DISTRICT OF CALIFORNIA, CENTRAL DIVISION

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## APPELLANT'S OPENING BRIEF

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# United States Court of Appeals

FOR THE NINTH CIRCUIT

No. 16168

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VAN BRODE MILLING Co., INC.,

*Appellant,*

—VS.—

COX AIR GAUGE SYSTEM, INCORPORATED,

*Appellee.*

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APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE  
SOUTHERN DISTRICT OF CALIFORNIA, CENTRAL DIVISION

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## APPELLANT'S OPENING BRIEF

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### JURISDICTION

The present action is for patent infringement and unfair competition. The patent involved is United States Letters Patent No. 2,710,660, dated June 14, 1955, issued to Sidney Coleman and assigned to appellant. The jurisdiction of the district court of the Patent Count arises under the Patent Laws of the United States (Title 35 of U. S. C.) and Section 1338(a) of Title 28 of U. S. C. The unfair competition count relates to the sale by the appellee of the same article as is alleged to infringe the patent, and jurisdiction of this count arises under Section 1338(b) of Title 28 of the U. S. C. and under Section 1332, there being diversity of citizenship between the parties and the amount of controversy exclusive of interest and costs exceeding the amount of Three Thousand (\$3,000.00) Dollars.

Appellee interposed a counterclaim for declaratory judgment as to the validity and infringement of United States Letters Patent No. 2,710,660 aforesaid, and the district court had jurisdiction of the counterclaim under the Patent Laws of the United States (Title 35 of U. S. C.) and Sections 1338, 2201, and 2202 of Title 28 of U. S. C.

The pleadings showing the existence of the jurisdiction of the district court are the complaint, answer and reply (R. pp. 3-14).\*

This court has jurisdiction to review the Final Judgment (R. pp. 57-58) herein under Sections 1291 and 1294(1) of Title 28 of the U. S. C.

The Final Judgment was filed and entered May 20, 1958, and on June 10, 1958, within the statutory time for filing a Notice of Appeal, a Notice of Appeal from each and every part from the aforesaid Judgment was filed in the district court. By stipulation dated June 23, 1958, filed in the district court on July 8, 1958 appellant's time to file its Record on Appeal and docket its appeal pursuant to Rule 73(g) of the Federal Rules of Civil Procedure was extended to September 8, 1958, the extension of time being within the 90-day period provided for in Rule 73(g). The Record on Appeal was transmitted on August 22, 1958, and the appeal was docketed September 3, 1958. On September 8, 1958 appellant applied to this court for additional time to file its Statement of Points and Designation of Record until September 28, 1958. The application was granted and the Statement of Points and Designation of Record were filed on September 18, 1958.

Appellant's time to file the present brief was extended by this court to July 20, 1959.

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\* The above page reference and all page references made hereinafter are to pages of the Record on Appeal unless otherwise specified.

## STATEMENT OF THE CASE

The Complaint herein was filed September 3, 1957, the Answer and Counterclaim filed October 8, 1957 and the Reply was filed October 28, 1957. The charges of patent infringement and unfair competition arise out of the sale by appellee of plastic battery hold-down frames allegedly embodying the invention of the suit patent and simulating appellant's plastic battery hold-down frames manufactured under the patent in appearance, particularly as to color and shape. The accused frames are supplied to appellee by Kravex Manufacturing Corp. of 273 Van Sinderen Avenue, Brooklyn, New York (hereinafter referred to as "Kravex"), and are molded for Kravex by Gary Enterprises, Inc. of 249—49th St., Brooklyn, New York (hereinafter referred to as "Gary").

Appellee denied patent infringement and contended that the suit patent is invalid for a number of reasons, the principal ones being lack of invention over certain prior art, lack of utility and lack of sufficient disclosure. Appellee's contentions regarding invalidity and non-infringement are also embodied in its counterclaim.

On the issue of validity, appellant relied on testimony of independent witnesses from the automotive trade as establishing that the invention of the suit patent had solved a long existing problem, a fact not controverted by appellee, and on documentary evidence as well as testimony of witnesses as establishing commercial success of its patented frames. On the issue of infringement, appellant relied on the testimony of an expert in the plastics field, an expert on batteries and on a stipulation.

Appellee relied on the testimony of an expert witness, and on several patents and publications in support of its contention that the suit patent is invalid for lack of invention; relied on the testimony taken by deposition of the inventor and officers of appellee in support of its contention

that the suit patent is invalid for lack of utility; and relied on an expert witness in support of its contention of invalidity because of lack of sufficient disclosure and in support of its claim of non-infringement.

On the question of unfair competition, appellee denied that appellant had any rights in the color and shape of its frames which have been violated by appellee. More particularly, appellee contended in this regard that the color and shape of its frames were functional and that appellant had not established secondary meaning regarding the color and shape of its frames. Appellant claimed on the other hand that the simulation of its frames by appellee's supplier in which simulation appellee participated was deliberate and that appellant's frames had in fact acquired secondary meaning as to color and shape.

To establish its contentions regarding unfair competition, appellant relied on the testimony taken by deposition of officers of appellee's supplier, Kravex, and the latter's molder, Gary. Also relied on was the testimony of witnesses in the automotive trade as to secondary meaning and the testimony of officers of appellant.

After trial of the case on the days of March 25 through 28, 1958, decision was rendered by the district court in an opinion filed April 21, 1958, dismissing both counts of the complaint, and sustaining the appellee's counterclaim for declaratory judgment declaring the patent invalid and non-infringed. The district court held that the suit patent was invalid for lack of invention over the prior art, lack of sufficient disclosure and lack of utility. Said court also held that the patent was not infringed by appellee's product. On the issue of unfair competition the lower court held that appellant had no exclusive right to appropriate the particular color and size of its battery hold-down frames, that the color and shape of the frames were functional, that appellant had not established secondary meaning in the same, and that, therefore, it had no rights which were being infringed by the appellee. No transcript of the testimony

was employed by the court prior to rendering its decision nor were any briefs after trial taken.

The district court's Findings of Fact and Conclusions of Law (R. pp. 41-57) were signed on May 20, 1958, and the Final Judgment was entered May 20, 1958.

## SPECIFICATION OF ERRORS RELIED ON BY APPELLANT

### I.

Regarding the patent infringement count, appellant relies upon the following errors:

1. The court erred in making Finding of Fact No. 26 (R. p. 48). The reason is that the suit patent does not define the plastic material of which the hold-down frames are made "loosely" as stated in said finding. The definition of the material as polystyrene modified by a Buna S having a high styrene content may be broad, but it is not a loose definition.

2. The court erred in making Finding of Fact No. 31 (R. p. 49) because there was no evidence that beginning in 1948 the literature in the field of rubber resins taught the use of high styrene copolymers to effect greater strength in plastic materials. The evidence showed that only a few isolated experiments had been made prior to 1952, a date subsequent to the date of invention of the suit patent.

3. The court erred in making Finding of Fact No. 32 (R. p. 49) because the prior art referred to therein does not teach that a "high styrene-butadiene copolymer" [high styrene butadiene-styrene copolymer]\* was blended with polystyrene to give tough blends with higher elongation impact strength and good mold flow. Also, said Finding should not have been made because

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\* The bracketed material is inserted for sake of accuracy; apparently, the quoted phrase refers to a butadiene-styrene copolymer having a high styrene content; otherwise, it makes no sense at all. The court's confusion as to terms and definitions will be referred to at greater length hereinafter.



it is irrelevant; the suit patent does not relate to plastics but to a particular article made of a particular type of plastic so that the teachings referred to have nothing to do with the issue of inventiveness of the suit patent.

4. The court erred in making Finding of Fact No. 33 (R. p. 49) because the inventor of the suit patent did teach how to combine polystyrene with a copolymer of butadiene and styrene having a high styrene content to produce a plastic having the appropriate durability as a battery hold-down frame; this was not taught and known in the art long before him.

5. The court erred in making Finding of Fact No. 34 (R. p. 50) because the public literature produced at the trial and admitted in evidence does not define high styrene butadiene-styrene copolymers as being only those having styrene contents ranging from 70% to just under 95% by weight, but on the contrary shows that such copolymers are ones having styrene contents higher than the 25% present in standard synthetic rubber, the basic butadiene-styrene copolymer. This Finding is also wrong because of the implication that the only definition of high styrene content in the suit patent limits the term to meaning 70% styrene in the butadiene-styrene copolymer used to modify polystyrene, whereas the 70% styrene butadiene-styrene copolymer mentioned in the patent was given as an example, not a limitation.

6. The court erred in making Finding of Fact No. 35 (R. p. 50) because the range of styrene contained in styrene-butadiene copolymers does not vary from almost none to almost 100% styrene but varies in accordance with the amounts present in certain specific known and synthesized copolymers.

7. The court erred in making Finding of Fact No. 37 (R. p. 50) because the term high styrene content as used in the specification and claims of the patent in suit to describe the butadiene-styrene copolymer employed to modify polystyrene means more than 25%

not more than 50% as found, and the Finding is contrary to the weight of the evidence.

8. The court erred in making Finding of Fact No. 38 (R. p. 50) because this Finding is contrary to the weight of the evidence which established that the specification of the suit patent does contain a description of the invention sufficient to apprise one skilled in the art as to how to practice the invention and does set forth the best mode of carrying out the invention known to the inventor at the time the application for the suit patent was filed. The specification discloses that the invention is the fabrication of a plastic battery hold-down frame from a particular type of plastic material comprising polystyrene modified by a Buna S (butadiene-styrene copolymer) having a high styrene content to improve its physical and mechanical properties whereby the battery hold-down frame has the heat resistance, building strength and toughness as well as enough flexibility to function successfully as such.

9. The court erred in making Finding of Fact No. 39 (R. pp. 50-51) because the patent does conclude with claims particularly pointing out and distinctively claiming the subject matter of the suit patent. The claims clearly recite that the invention is the provision of a battery hold-down frame having certain recited mechanical features from a plastic material recited to comprise polystyrene modified by a Buna S having a high styrene content to improve its (the polystyrene's) physical and mechanical properties whereby the battery hold-down frame has the heat resistance, building strength and toughness as well as enough flexibility to function successfully as such.

10. The court erred in making Finding of Fact No. 40 (R. p. 51) because this Finding is contrary to the weight of the evidence; specifically, the testimony of appellant's expert and the undisputed fact of what appellee's supplier Kravex and its molder Gary were able to do with the benefit of the teachings of the suit

patent show that the suit patent teaches how to make a plastic battery hold-down frame having the desired characteristics.

11. The court erred in making Finding of Fact No. 41 (R. p. 51) because this Finding is contrary to the weight of the evidence which established that the term high styrene content as applied to butadiene-styrene copolymers had at the date of filing of the application and now has a definite meaning. In addition, there is nothing in the record to justify the statement in this Finding that if the term high styrene content includes a range extending below 50% styrene said range would be too broad and would give the patent holder more than he would be entitled to. The reason is that no prior art was submitted showing the making of a battery hold-down frame from plastic of any kind whatsoever, and in claiming a battery hold-down frame restricted to a particular type of plastic the inventor certainly did not ask for and obtain more than that to which he was entitled.

12. The court erred in making Finding of Fact No. 42 (R. p. 51) because this Finding is both inaccurate in its implication and irrelevant in its actual language. Invention is not claimed in the suit patent for the mere use of a butadiene-styrene copolymer having a high styrene content; invention was claimed in the creation of a plastic battery hold-down frame from polystyrene modified with such a copolymer. This Coleman unquestionably did invent. The court erred in finding that the patent did not amount to invention over the prior art on the basis that Coleman was not the inventor of the particular plastic *per se* mentioned in his patent—Coleman never claimed to be the inventor of a new plastic.

13. The court erred in making Finding of Fact No. 43 (R. pp. 51-52) because the art referred to in this Finding unquestionably does not show the elements of the patented invention inasmuch as none of it discloses plastic battery hold-down frames of any kind what-

soever. The same is true with respect to U. S. Patent No. 2,578,518, dated December 11, 1951, to Ditz *et al.*, also referred to in this Finding.

14. The court erred in making Finding of Fact No. 44 (R. p. 52) because this Finding is contrary to the weight of the evidence which established that the copolymer employed in appellant's plastic to modify the polystyrene thereof has a high styrene content. The reason is that high styrene content means higher than 25% which is the styrene content in standard G. R. S., the basic butadiene-styrene copolymer employed as a general all-purpose substitute for rubber.

15. The court erred in making Finding of Fact No. 47 (R. p. 52) because this Finding is contrary to the weight of evidence which established that when appellant employed the combination of polystyrene and Darex Copolymer No. 3 it was able to produce a commercially acceptable frame. The evidence established clearly that appellant sold a large quantity of frames made of its original formulation, that it used a great deal of Darex Copolymer No. 3 to make such frames; and that its returns on them for all reasons were very small. The testimony showed that appellant sought to improve its product, not that its product was not acceptable. The Finding is also improper in that it is indefinite since the words "unqualifiedly commercially acceptable frames" are vague and have no antecedent in the patent law, either statutory or case.

16. The court erred in making Finding of Fact No. 48 (R. pp. 52-53) because it is contrary to the weight of the evidence which established that appellant discontinued the use of a mixture of polystyrene and Darex Copolymer No. 3 not because it was commercially unsatisfactory but because a completely mixed molding powder was available which was much more economical for appellant to use.

17. The court erred in making Finding of Fact No. 49 (R. p. 53) because this Finding is contrary to the weight of the evidence which established that the co-

polymer used to modify polystyrene in Bakelite TMD 2155 employed by appellant for a time has a high styrene content. The reason for this is given under paragraph 14 hereof.

18. The court erred in making Finding of Fact No. 50 (R. p. 53) because this Finding is contrary to the weight of the evidence which established that the copolymer used to modify polystyrene in the Monsanto Chemical Company Lustrex Hi-Test 89 employed by appellant for a time has a high styrene content. The reason for this is given under paragraph 14 hereof.

19. The court erred in making Finding of Fact No. 51 (R. pp. 53-54) because this Finding is misleading and unsupported by the evidence. The testimony established that appellant's frames achieved commercial success from the beginning and that its difficulty was not at all in producing an acceptable and satisfactory frame but in the obtaining of a conveniently located firm to mix the raw materials of its molding powder. The Finding is also wrong in the statement that appellant's successful frames were made of polystyrene modified by a copolymer having a low styrene content, for the reasons set forth previously under paragraph 14 hereof.

20. The court erred in making Finding of Fact No. 51a (R. p. 54) because the original frames produced by appellant with its original formula were clearly shown to have utility. The Finding is also wrong in the statement that the copolymer used to modify polystyrene in the accused (appellee's) frames has a low styrene content, the reasons for this having been set forth already under paragraph 14 hereof.

21. The court erred in making Finding of Fact No. 52 (R. p. 54) for the following reasons: First of all, even if the materials used by appellant in making its frames were well known in the art, this would be irrelevant to the issue of validity herein since the invention of the suit patent lies in the making of a battery hold-down frame of a particular type of plastic. Secondly,



said materials were not shown to be old. Thirdly, under the circumstances of the present case there was invention in making a battery hold-down frame of a particular type of plastic; and fourthly, the use of plastic for a battery hold-down frame was not disclosed by Leuvelink, U. S. Patent No. 2,382,428, dated August 14, 1945, prior to Coleman as stated in the Finding; Leuvelink's patent relates to a clamp for an electron tube and discloses the use of a plastic wholly unsuitable for a battery hold-down frame, as found by the Board of Appeals in the Patent Office.

22. The court erred in making Finding of Fact No. 53 (R. pp. 54-55) because said Finding is vague, indefinite and irrelevant. Durability is not at all the only necessary characteristic of a plastic battery hold-down frame, so the fact that plastics might previously have been used for durable articles is of no significance. Many durable plastics are utterly unsuitable as materials for battery hold-down frames. Also, the Finding is entirely unsupported by the evidence which did not establish that any article "such as a frame" was made of plastic prior to the invention of the suit patent.

23. The court erred in making Conclusion of Law No. 7 (R. p. 55) because the conclusion that the suit patent lacks utility and does not disclose and claim a patentable invention is unsupported by the facts, and so is the conclusion that the patent is, therefore, invalid.

24. The court erred in making Conclusion of Law No. 8 (R. pp. 55-56) because the conclusion that the patent is indefinite is not supported by the evidence inasmuch as the patent does teach one skilled in the art how to achieve a plastic battery hold-down frame having the requisite physical and mechanical properties by using the type of plastic disclosed and the claims also point all this out. Moreover, even if some experimentation were required by one skilled in the art to achieve a frame having the requisite characteristics this would not render the patent invalid since there is



no law to the effect that a patent disclosure must be so exact that no experimentation whatsoever would be required in duplicating the invention. Finally, exact proportions as stated in this Conclusion are not required to obtain a frame having the requisite mechanical and physical characteristics so long as the basic disclosure of the suit patent is followed. The conclusion that the suit patent is invalid in its entirety is wrong for the foregoing reasons.

25. The court erred in making Conclusion of Law No. 9 (R. p. 56) since the suit patent does disclose invention over the prior art and is valid, and the subject matter of the suit patent was not stated in any printed publications published more than one year prior to the date of application for the suit patent.

26. The court erred in making Conclusion of Law No. 10 (R. p. 56) since this conclusion of non-infringement is based on the erroneous conclusion that the patent is invalid.

27. The court erred in making Conclusion of Law No. 11 (R. p. 56) because the accused frames do infringe the suit patent inasmuch as the copolymer employed therein to modify the polystyrene thereof has a high styrene content and not a low one or is the equivalent of a copolymer having a high styrene content. Also, Conclusion No. 11 is contrary to the evidence.

28. The court erred in making Conclusion of Law No. 13 (R. pp. 56-57) because appellee was not entitled to judgment on its counterclaim for declaratory judgment. The suit patent and the claims thereof are valid, and the accused frames do infringe the claims of the suit patent.

29. The court erred in admitting in evidence U. S. Patent No. 2,578,518, dated December 11, 1951 to Ditz, *et al.*, this being Def's Ex. A. The objection to the admission of this patent occurs at R. p. 296 and reads as follows:

"The Court: What is your objection, then?"

Mr. Kirschstein: The patent issued after the filing date of the suit patent. I believe that it is only admissible on the issue of prior invention; not on any other issue.

Mr. Caughey: It is not a publication, sir.

The full colloquy concerning Def's Ex. A including the court's ruling upon the objection and a statement of the purposes for which appellee offered the exhibit occurs at R. pp. 295-298.

The Ditz, *et al.* patent relates to battery containers and the molding thereof from polystyrene modified by various copolymers of butadiene and styrene.

The reason why the Ditz *et al.* patent should not have been admitted in evidence as prior art is that it bears an issue date later than the filing date of the suit patent. Under the law such a patent can only serve to show that the inventor of the suit patent was not the first inventor. Since the Ditz *et al.* patent does not relate to plastic battery hold-down frames, it could not possibly show even that the inventor of the suit patent was not the first inventor of the subject matter thereof and could not properly be admitted for that purpose either.

30. The court erred in basing any of its findings, holdings or conclusions on the Ditz *et al.* patent which for the reasons set forth in paragraph 29 hereof was improperly admitted in evidence.

## II.

Regarding the unfair competition count, the appellant relies on the following errors:

1. The court erred in making Finding of Fact No. 7 (R. p. 42) to the effect that the legends and symbols on appellant's cartons for its battery hold-down frames and appellee's cartons are different. Said legends and symbols are different in some respects but are substantially the same in form, language and color scheme.

2. The court erred in making Finding of Fact No. 9 (R. p. 42). There was evidence of imitation and deception tending to mislead the section of the public constituting the automotive trade as to source and sponsorship of the goods of the parties. The fact that the accused frames deliberately simulate appellant's frames in non-functional color and shape despite the conceded availability of other colors was clear evidence of intent to deceive, and this evidence was supported by uncontradicted testimony that appellant's frames have long and frequently been displayed out of their containers in gas stations and automotive stores.

3. The court erred in making Finding of Fact No. 10 (R. p. 42) to the effect that all of the elements and features of the appellant's and appellee's frames are functional. There was no evidence whatsoever that the color and shape of the frames are functional; in fact appellee itself introduced in evidence a metal frame coated with plastic and capable of performing the same functions as the accused frames but having an entirely different shape and appearance.

4. The court erred in making Finding of Fact No. 11 (R. p. 42) to the effect that there is no evidence of actual confusion or tendency to confuse. There was such evidence.

5. The court erred in making Finding of Fact No. 13 (R. p. 43). The statement that nothing in the record indicates that the color red of appellant's frames had acquired secondary meaning is contrary to the weight of the evidence. There was testimony of independent, unbiased witnesses to the effect that the color red had become known as identifying appellant's frames which were asked for as the "red frames."

6. The court erred in making Conclusion of Law No. 2 (R. p. 55) because the conclusion that there was no evidence to sustain appellant's claim for unfair competition was completely contrary to the weight of the evidence.

7. The court erred in making Conclusion of Law No. 3 (R. p. 55) because the evidence clearly established that the accused frames are sold in unfair competition with appellant's frames.

8. The court erred in making Conclusion of Law No. 4 (R. p. 55) because appellant established clearly its exclusive right to the color red for a battery hold-down frame.

9. The court erred in making Conclusion of Law No. 5 (R. p. 55) because appellant established its exclusive right to the design of its hold-down frame which design is non-functional.

10. The court erred in making Conclusion of Law No. 6 (R. p. 55) because the appellant was entitled to relief for unfair competition since it established secondary meaning, deception and likelihood of confusion between its frames and appellee's.

11. The court erred in making Conclusion of Law No. 12 (R. p. 56) because the complaint should have been sustained as to both counts thereof.

12. The court erred in making Conclusion of Law No. 14 (R. p. 57) insofar as it stated that appellee was to be awarded costs; the complaint should have been sustained and appellant awarded costs.

### III.

As to the counterclaim, the court erred in failing to find and conclude that the suit patent is valid and infringed and that therefore the counterclaim should be dismissed.

## THE PATENT INFRINGEMENT COUNT

### Introduction and Summary

A battery hold-down frame is a device employed in automobiles and other vehicles such, for example, as tractors, to hold the storage battery in place. It is fitted over the top of the battery container and bolted to the car, the battery being retained in place by the clamping action of the hold-down frame. Prior to the present invention (around the beginning of 1951), only metal hold-down frames had been employed from the time the storage battery came into use on automobiles in about 1914.

The metal battery hold-down frames were subject to many drawbacks both from the point of view of having an adverse effect on the storage battery and even on the car itself. Basically, their electrical conductivity and their corrodibility made them dangerous and difficult to use. Their only advantage was cheapness. The patentee overcame the problems presented by metal frames (which will be dealt with in much greater detail hereinafter) by inventing a plastic battery hold-down frame having none of the defects of the metal frame.

The plastic frames have been commercially successful and have displaced the metal hold-down frames to a very great extent as far as the sales of hold-down frames for replacement purposes (as opposed to original equipment purposes) are concerned.

The patent in suit discloses a plastic battery hold-down frame having certain physical characteristics whereby it can exert force against the top of a storage battery and thereby hold the battery to the car frame, and the patent further discloses that the frame is to be made of a particular type of plastic, to wit: polystyrene, whose physical and mechanical characteristics are modified along certain specific, necessary and desired lines by the addition of a



copolymer of butadiene and styrene having a high styrene content. The patent sets forth the defects of metal frames and the particular physical and mechanical characteristics necessary for plastic battery hold-down frames if they are to be a successful and acceptable product. All of this will be discussed in greater detail hereinafter.

Appellee raised the usual defenses of invalidity and non-infringement, the former being predicated mainly on prior art and alleged indefiniteness of the disclosure of the suit patent. The claim of non-infringement was based on the theory that the copolymer employed to modify polystyrene in the composition of appellee's hold-down frames is not a butadiene-styrene copolymer having a high styrene content.

Despite clear proof that the patented frames filled a long-felt need in the trade, that they had great commercial success, that the prior art did not show anything like the invention, and that the patent has a sufficiently definite disclosure, the lower court held claim 3, the only claim in suit, invalid. In addition, the trial court held that the patent was not infringed despite proof that the accused frames come within the mechanical and compositional limitations of claim 3 or employ an equivalent as far as composition is concerned.

Butadiene-styrene copolymers are known as "Buna S's." The butadiene-styrene copolymer having a 25% styrene content is the standard all-purpose synthetic substitute for rubber; it is known as standard G. R. S. (meaning Government Rubber Styrene).

It should be clearly borne in mind that the frames of both parties are not made of *polystyrene alone* or of a *Buna S alone*; they are made of a plastic predominantly polystyrene but modified by a Buna S having a styrene content higher than that of the standard Buna S.\*

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\* The trial court repeatedly indicated in its opinion a confusion as to what in fact the plastic frames of the parties were made of. Most of the time the court appeared to be under the impression that the frames were made



*It is to be emphasized at the outset that the present case is not one where an inventor merely took an old object and used a new material for the purpose of making it in order to impart superior characteristics thereto.* The individual raw materials for the patentee's plastic battery hold-down frames were old and had long been available. Yet, despite the need for far better frames than the old metal ones, no one thought of making this part of automobile equipment out of plastic and no one thought of modifying polystyrene with a high styrene butadiene-styrene copolymer to provide a material for such a frame. Butadiene-styrene copolymers with styrene contents as high as that in the modifying copolymer employed in the plastic of appellee's frames were known as far back as 1944,\* although appellee's specific modifying copolymer was not developed till later; and, of course, polystyrene is one of the oldest plastics known.

### How the Invention Was Made

The inventor, Sidney Coleman, at the time he conceived the invention of the suit patent, had been for many years a salesman in the automotive field (R. p. 389). He was familiar with the difficulties with the old metal frames (R. pp. 391-392) and in the early part of 1950 conceived the idea of obviating them by making the frames of plastic (R. p. 389). The idea of making frames of plastic was an entirely new concept in the automotive trade and no one had done anything like it before. This is shown irrefutably by the fact that plastic frames solved the problems en-

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solely of the modifying butadiene styrene copolymer itself (R. p. 20). At another point the court indicated that it thought the frames were made of butadiene and polystyrene (R. p. 35). This confusion as to nomenclature, it is believed, militated against a full understanding below of the invention itself, particularly in the light of the fact that the Court did not have the benefit of a transcript of the testimony nor did it request briefs after trial.

\* See Plaintiff's Ex. No. 69 at R. p. 465, No. 70 at R. p. 467, and No. 71 at R. p. 469.

countered with metal frames and these problems had plagued the industry for upwards of forty years.

Having conceived the idea of making plastic battery hold-down frames, there remained for Mr. Coleman to find a type of plastic that would be suitable for them. There was no precedent for using any particular type of plastic since there had been no plastic battery hold-down frames at all prior to the invention. Moreover, other articles in the automotive trade made of plastic such as battery casings themselves did not have the same physical requirements at all as the frames. Plastic battery hold-down frames, as set forth in the suit patent, firstly had to have sufficient flexibility so that they would not break the battery casings when used to maintain a battery in place (a characteristic not required by the battery casings themselves which merely need to be sufficiently unbrittle so that they will not break due to the bumping of the car in which the battery is located). Secondly, a plastic frame had to be able itself to survive the impacts involved in driving a vehicle; further it had to be impervious to, i.e., not corrode when subjected to, the chemicals of the battery, water and air. And, in addition, a plastic frame had to be a non-conductor of electricity and had to be able to withstand the high temperatures existing near the motor of the car (Suit patent, Col. 1, lines 20-52 and Col. 2, line 40 to Col. 3, line 2; R. pp. 392-393).

Coleman experimented with several plastics which were readily available to him, these being polystyrene and polyethylene, but polystyrene was too brittle and polyethylene too flexible (R. pp. 367, 390). The way in which Coleman finally arrived at a plastic to satisfy his purposes is both interesting and significant from the point of view of invention. He realized that polystyrene was a good basic material because it is not subject to corrosion and is not a conductor of electricity; however, its melting point is too low to withstand the temperatures near the motor of

a car, and it has insufficient strength, toughness and flexibility to be used for the desired purposes (Suit patent, Col. 2, lines 42-52). While mulling over the problem of how to modify the polystyrene, Coleman came across a cigarette case made of a flexible plastic. Upon examining it and testing it by burning and smelling the smoke given off (a common layman's test), he recognized that the material was a rubbery type of substance and it occurred to him that by adding some of it to polystyrene he might be able to modify the polystyrene so as to obtain a plastic meeting the requirements he conceived to be necessary (R. pp. 366-367, 394).

Having in mind that polystyrene was to be his basic material but that it had to be modified in certain respects, Coleman obtained some of the molding powder from which the cigarette case had been made and tried molding battery hold-down frames from polystyrene to which the material of the cigarette case (which material came in powder form) had been added; he found that when sufficient material was added to modify the polystyrene, a plastic frame meeting all of his requirements could be produced (R. pp. 367-369). Later, he ascertained that his modifying material, which was a product known as "Darex Copolymer No. 3" manufactured by the Dewey and Almy Chemical Company of Cambridge, Massachusetts, was a copolymer of styrene and butadiene with a high styrene content and that such copolymers were generally known as Buna S's with a high styrene content (R. p. 397). Coleman's reduction of his invention to practice as aforesaid occurred in January or February, 1951 (R. pp. 394, 397-398).

The polystyrene and modifying copolymer employed in the patented frames are *not* interpolymerized with one another or otherwise chemically combined; they are physically mixed. Of course, the making of polystyrene itself involves polymerization of styrene, and the making of a Buna S involves copolymerizing butadiene with styrene. But the polystyrene and copolymer molding powder

employed in making the battery hold-down frames is a physical mixture of the two separate powders, not a chemical compound of them.

*It is to be emphasized that Coleman does not claim to have originated either battery hold-down frames or a new plastic. What he did invent and does claim is a plastic battery hold-down frame made of a particular type of plastic material suitable for his purposes.* The invention thus has the dual aspect of the conception of the idea of making the frames from a plastic material, the recognition of the requirements for the plastic material, and the provision of a particular type of plastic suitable for the purpose.

### **The Disclosure of the Suit Patent**

The suit patent sets forth, first of all, the defects of the old metal battery hold-down frames. Among these defects are the fact that said frames are corrodible and, therefore, subject to attack by the electrolyte of the battery, are electrically conductive, tend to crack the top of the battery because of the frame's lack of resiliency, and adhere to the battery due to corrosion (Suit patent, Col. 1, lines 20-52).

The suit patent discloses that the defects of the metal frames can be overcome by making the frames of plastic but that to do this certain requirements have to be met, to wit, the frames must be non-conductive, non-corrodible and have sufficient elasticity, heat resistance, building strength and toughness (Suit patent, Col. 1, line 72 to Col. 2, line 4; Col. 1, lines 20-52; Col. 2, lines 62-68).

Coming now more specifically to the disclosure, the invented frame is described as being a one-piece rectangular shaped article including two parallel sides connected by two parallel ends. Said sides and ends are recited as being adapted to abut against the outer faces of the sides and

ends of the battery casing. The frame also includes elements adapted to bear against the top of the battery casing, these elements constituting the inner corners of the frame. Openings for bolts are provided either at the ends or along the sides of the frames. The frames are of such size as to be adapted to fit the particular battery casing with which they are to be used (Suit patent, Col. 2, lines 18-39). The plastic of which the frame is made is described in the patent as being a modified polystyrene and more specifically as being polystyrene modified with a Buna S having a high styrene content (Suit patent, Col. 1, line 72 to Col. 2, line 4; Col. 2, lines 40-41, 51-56; and Col. 2, line 71 to Col. 3, line 2).

Inasmuch as will be pointed out in greater detail hereinafter the trial court was mistaken as to the nature of the invention,\* it is important to emphasize that the patent discloses an article made of a particular type of material. *It does not purport to be a chemical patent or to disclose a new plastic or formulation or chemical combination of some kind.* The invention was to make a battery hold-down of plastic from a type of plastic which would have the proper characteristics for a hold-down frame. Accordingly, the claims in suit describe the article as to its mechanical elements, recite that it is to be made of plastic, recite that the type of plastic is to be polystyrene modified with a Buna S having a high styrene content, and recite the physical and mechanical characteristics which the plastic must have. In other words, the newly invented frame had to be claimed both in the terms of its mechanical aspects and in terms of the composition of which it is made and the physical characteristics imparted by the composition to the article. This is entirely permissible in patent law as the cases cited *infra*, p. 56, hold.

Claim 3 was the only claim relied on at the trial and in order for the court to better understand the nature of the present case, it is set forth in full:

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\* The Court considered it to relate to a chemical combination.



“3. A one-piece open battery hold-down frame formed of plastic material and including elements bearing against the sides and top of the battery, the plastic material of which said frame is formed comprising polystyrene, the mechanical and physical properties of which have been modified by the addition of a Buna S with a high styrene content, the latter imparting to the polystyrene improved heat resistance, building strength and toughness sufficient to withstand pressure to which the frame is subjected in its function to hold the battery on its support, and also imparting to the polystyrene enough flexibility to prevent breakage of the battery top against which elements of said frame bear in the holding down operation.”

It will be noted that neither claim 3 nor any claim of the patent nor the disclosure of the patent sets forth precise amounts or proportions for the mixture of polystyrene and the Buna S having a high styrene content. The reason for this is that, as mentioned above, the patent is not for a chemical composition nor is it for a plastic frame made of any specific precise composition. The claim and specification do specifically set forth, however, not only the particular type of plastic which will be satisfactory and what it is composed of, but also the very physical and mechanical requirements which the plastic must have, (in addition, of course, to the purely mechanical aspects of the invention). This will be shown to be sufficient compliance with the patent law in view of the fact that the invention is of a battery hold-down frame made of a particular, suitable type of plastic.



## Argument—Validity

### POINT I

**Appellant established a long felt unsatisfied need which was filled by the invention of the suit patent.**

It is axiomatic in patent law that one of the most compelling criteria of invention is that a long felt unsatisfied need existed in the field to which the patent relates and that the need was satisfied by the invention. Sometimes the matter is stated in terms of a long unsolved problem overcome by the invention (see cases cited *infra*, pp. 45-46). In the present case the existence of a long felt unsatisfied need and of a problem in the automotive industry was established beyond any doubt; indeed, it was even conceded by appellee (R. p. 67).

Appellant's witness Samuel Ert was a man with almost fifty years experience in the automotive trade, and in particular his experience related to automobile storage batteries (R. pp. 63-64). His unchallenged and unbiased testimony, for he was a completely independent witness, was supported by exhibits brought by him to court from his own shop. Mr. Ert's testimony established that the metal hold-down frames previously employed to hold car batteries in place until the advent of the invention of the suit patent had been subject to many serious disadvantages known to the trade from the time storage batteries were first employed on cars, almost forty years ago (R. pp. 64-69). More specifically, Mr. Ert testified, in this respect corroborating the statements made in the suit patent, that the metal hold-down frames are highly subject to corrosion from the battery acid and that because they are electrically conductive there is great danger of short-circuiting which can cause a fire (R. pp. 64-69). He stated that the action of acid fumes on the metal frames causes them to corrode and presented exhibits corroborating this (R. pp. 64-65; Pl's Ex. Nos. 56-

58). In addition, he brought to court frames taken from cars in which fires had been caused by short-circuiting (Pl's Ex. Nos. 54 and 55). Ert's testimony established that the corrosion and short circuit problems were very serious ones because due to corrosion there is leakage of battery acid whereby the battery is weakened and due to the short circuiting the battery may be ruined or destroyed by fire or even the car itself set on fire.

Mr. Ert testified further that appellant's plastic hold-down frames, embodying the invention of the suit patent, solved the problems that had been in existence for over forty years with the metal frames because the plastic frames would not corrode so that they could continue to protect the battery and that they could not cause any fire or short circuit of the battery (R. pp. 69-72). He stated that the market for metal frames as replacements for the original equipment on cars has greatly decreased since appellant's plastic frames came on the market because of the superiority of the latter (R. pp. 71-74).

Corroborative of the testimony of Mr. Ert was the testimony of Morton Bean of Quality Electric Products of New York City, New York, a man thoroughly experienced with and familiar with the automotive trade and battery hold-down frames (R. pp. 98-99). Mr. Bean, backing up statements made in the suit patent, testified that not only do the electrically conductive metal frames corrode but that after they have corroded to some extent they cause a drop in the battery amperage because of their electrical conductivity (R. p. 100). Additionally, he pointed out that improperly installed metal frames break the tops of the battery cases which are made of a plastic material not nearly as strong and hard as metal (R. p. 100). As was the case with Mr. Ert, Mr. Bean had personal knowledge of these defects (R. p. 101).

Bean testified that when the appellant's plastic battery hold-down frames were put on the market, there was an

immediate favorable response to them and they were a big success because they were so much better than the metal hold-down frames. Further, Bean stated that in about three years his firm sold approximately 200,000 of appellant's frames and that the demand for metal frames became nil with the advent of the plastic frames; indeed, one company which had made metal frames even went out of business after the plastic frames came into use (R. pp. 101-102, 104-105).

The witness Abraham Golden of Mitchell Auto and Tire and London Supply Company, New York City, New York, testified to substantially the same matters as Bean. He corroborated Bean's testimony regarding danger of short circuit and corrosion with the metal frames and the fact that the plastic frames have replaced the metal ones because they solved the problems present for so long with metal frames. He also stated that his concern sold about 12,000 plastic frames a year and that the sales in the metal frames have declined greatly (R. pp. 114-126).

It is believed that appellant established clearly beyond any question that the invention of the suit patent solved a long existing problem of great significance to the automobile industry and filled a long felt need.

## POINT II

### **The invention has been a commercial success.**

The appellant as assignee of the patented invention pioneered the use of plastic battery hold-down frames in the automotive industry, introducing them in June, 1951. Appellant's frames from the very beginning had great utility, and appellant was able to establish to the trade that it not only had an acceptable article but a highly superior one which actually eliminated problems that had plagued the trade for many, many years. Beginning in 1954, appellant's plastic battery hold-down frames caught

on rapidly and sales thereof soared (R. p. 256). And for the last three or four years prior to the trial appellant's business in plastic battery hold-down frames has been a very large and lucrative one and sales of metal hold-down frames have sharply diminished (R. pp. 252-256; Pl's Ex. No. 30 at R. p. 460).

A circumstance that gave impetus to the sales of appellant's plastic frames was the coming into use of 12-volt storage batteries in cars. (The previous standard battery was 6 volts.) Such batteries with their extra high voltage arced seriously because of the conductivity of the metal hold-down frames. Arcing is a phenomenon which occurs when the electric current jumps from one electrode of a battery to the other and is in essence an intermittent short-circuit. Many 12-volt batteries burned out in short periods of time and were fire hazards due to arcing; and appellant's plastic frames which prevented the arcing therefore increased greatly in popularity.

From 1951 to the date of the trial, appellant sold over one and a half million dollars worth of plastic frames, though its advertising expense in all that time was not more than \$6,000.00 (R. pp. 259-260). The sales mentioned represent over three million frames sold in about a period of six years, and this figure assumes even greater significance when it is recognized that the frames primarily are sold for replacement and not as original equipment on cars (R. pp. 252-256; Pl's Ex. No. 30).

Appellant's plastic battery hold-down frames have always been manufactured in accordance with the suit patent (R. pp. 213-217; Stip., Pl's Ex. No. 63 at R. pp. 461-464).

### POINT III

#### **The invention of the suit patent has utility.**

On the question of utility, appellee seized upon certain remarks made by the inventor and by Erich Fritsch, Vice-President of the appellant, in the course of their depositions, and by reading in evidence portions of these depositions in a way such that these remarks came before the trial court out of context and in a misleading fashion, appellee succeeded in misleading the trial court into believing that appellant's original frames were not satisfactory and were unsuccessful because of breakage. This is not so as quotations from the record below will clearly show.

The answer to the claim of lack of utility is two-fold. First of all, appellant sold approximately 32,000 frames totalling \$16,339.35 in dollar volume during the very first year that the product was on the market (R. pp. 416-418; Pl's Ex. No. 30). Appellant's records showed that during that year a total of \$470.60 worth of plastic frames, forks and knives were returned for any reason; obviously, therefore, the returns of frames for defectiveness were negligible compared to sales volume thereof (R. p. 417). The frames sold during the first year were made of appellant's very first composition (R. pp. 415-417).

Secondly, appellant proved that it bought 5,000 pounds of (2½ tons) of Darex Copolymer No. 3, the modifying copolymer first used, from the Dewey and Almy Chemical Company (Pl's Ex. No. 86 at R. pp. 497-500, 503-507). Said material was all used in making the first production of the aforesaid frames very few of which were returned (R. pp. 415-417; Pl's Ex. No. 30). These two points in addition to other testimony clearly refute the claim of lack of utility.

To go into the matter in somewhat more detail, plaintiff encountered at the beginning of its manufacture a practical problem of having the molding powder made. There was



nothing wrong with the formulation; it was simply that to produce a molding powder comprising polystyrene modified with Buna S having a high styrene content, a physical mixture of the polystyrene and the modified substance had to be made (R. pp. 347-348). The Dewey and Almy Chemical Company had no problem doing this but declined to do it on a large enough scale for appellant (R. pp. 357, 375). The Stedfast Rubber Company also had no trouble performing this mixing but was located at a distance of at least 40 miles from appellant so that it was economically impractical to use this company to perform the mixing (R. pp. 356-357). Accordingly, appellant sought to have the Marine Plastics Company which was right in the town of Clinton, Mass. where appellant was located do the mixing; unfortunately this company did not always do it properly. As a result, some frames were defective, and appellant went to an already mixed powder which had subsequent to the invention become available from the Bakelite Company and then from the Monsanto Chemical Company, so that it could save itself the time and expense of buying the components of its composition separately and then having them physically mixed (R. pp. 349, 376).

That the trial court was misled as to the present point is shown by its statement in its opinion (R. p. 30) that appellant switched to compounds made by Dow Chemical Company and the Monsanto Chemical Company having modifying copolymers with styrene contents as high as 80%. There is no evidence that appellant switched to any molding powder made by Dow Chemical Company (Stip., Pl's Ex. No. 63), and certainly it did not switch to one made by anyone in which the modifying copolymer had a styrene content of 80%. The Monsanto material employs a modifying copolymer having a styrene content of 40-50% (Stip., Pl's Ex. No. 63). The Judge did not recall accurately the evidence on this point, and he did not have the benefit of a record or briefs after trial to aid his recollection.



Because appellee managed to obscure this relatively simple point regarding utility, there are quoted below\* pertinent parts of the testimony clearly establishing the foregoing facts, and for the documentary proof bearing this out the Court is respectfully urged to examine Plaintiff's Exhibits Nos. 30 and 86.

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\* "Q. Did Dewey & Almy mix a complete molding powder for you at that time? A. Yes.

Q. Including polystyrene? A. Yes.

\* \* \* \* \*

Q. Was that material satisfactory? A. Yes.

Q. Do you know what was in it? A. Yes.

Q. What? A. Well, I don't know whether I—

There was Darex copolymer 3, polystyrene, a clay, and a small amount of wax for lubricating purposes, just for the molding purposes, not in any way affecting the properties of the compound' " (R. p. 353).

"Q. \* \* \* I am asking you whether your company was still looking for materials for the battery hold-down frame? A. No, sir. We felt we had an excellent product, as I remember, from the materials that were made from the processing mixture made for us by Dewey & Almy Company (R. p. 357).

Q. Was the plastic battery hold-down made with polystyrene and the Darex Copolymer No. 3 a good commercial product? A. Yes.

Q. Was there any difficulty with it, other than the problem of getting the proper chemical means of getting it mixed? A. We had no problems when Dewey and Almy made the first material. We had no problems when Stedfast Rubber made the compound for us. We experienced problems during the time Marine Plastics did the compounding.

Q. You testified about the selection of materials from Bakelite and Monsanto. Am I correct in stating that that was concerned with the question of production after you had a commercial frame on the market for some time? (R. p. 357)

\* \* \* \* \*

A. Yes' " (R. p. 358).

"Q. What did you find was unsatisfactory with them [the plastic frames]? A. It was an acceptable item, however it could stand improvement. We changed the structure, made certain parts stronger (R. pp. 408-409).

Q. Did you receive returns of battery hold-down frames during the period, 1952? A. I don't think so.

Q. No frames were returned? A. I don't know of any.

Q. You don't know of any frame being returned because it was unsatisfactory? A. I, myself, don't know of that.

Q. Who would know that? A. I think we'd have to check if there's any returns in the accounts receivable or Mr. Coleman would know. Let

## POINT IV

**The prior art does not show lack of invention in the suit patent.**

None of the patents or publications cited by appellee shows a plastic battery hold-down frame. Of this there can be no question; and, indeed, no contention was made at the trial that any such art existed. The trial court's holding of invalidity of the suit patent was predicated on the theory that since battery hold-down frames *per se* as a physical object made of metal were old, invention would only be present if the plastic disclosed were itself new. The court treated the suit patent as a chemical patent for a combination of substances and held that because certain publications and the patent to Ditz *et al.* supposedly showed plastics comprising polystyrene modified with a Buna S having a high styrene content there could be no invention in the suit patent.

It is respectfully submitted that the position taken by the trial court entirely misses the point of the invention. The invention is not of a chemical combination but of a specific article of manufacture made of a certain type of material. Appellant does not concede that the type of plastic disclosed in the suit patent was shown in any properly admitted prior art, as will be pointed out hereinafter, but even if it were, there would still be invention because what the patentee did was not only new but it

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me modify that in one way. If an account went out of business and merchandise was returned, certainly, there must have been a refusal, but I, myself, don't know of any specific return.

Q. Mr. Coleman would be the man to know if there were any returns because the material was unsatisfactory? A. I imagine so. I don't recall of any complaint from the outside of our material being unsatisfactory' " (R. p. 409).

"Q. And that all of the frames shipped out before then [July 8, 1952] would have been made with the Dewey and Almy copolymer plus the polystyrene. A. Sure.

Q. I refer to Exhibit 31 [Plaintiff's Exhibit No. 30]' " (R. p. 416).

brought about new results whereby an almost 40-year-old problem was solved.

*The court's treatment of the suit patent as a chemical patent for a combination was a fundamental error which underlies the holding of invalidity both for lack of invention and lack of sufficient disclosure.*

Coming now more specifically to the art relied on by appellee and the lower court, it is conceded that patent Nos. 1,677,789 to Mabey and 2,360,056 to Heitshu show metal battery hold-down frames. Also, there is no question but that the patent to Leuvelink, No. 2,382,428, discloses a plastic clamp for electron tubes. The court's conclusion, however, that it would be obvious to make the metal frames of plastic in view of the Leuvelink patent totally disregards the fact that the plastic of which the clamp in said patent is made is wholly unsuitable for use in a plastic hold-down frame and that the clamp itself in that patent is, of course, an entirely different article from a battery hold-down frame and has different mechanical and physical requirements. As already mentioned, the Board of Appeals in the Patent Office considered and rejected this very contention. Indeed, that tribunal made the following significant remarks in this regard:

"We do not agree with the Examiner that it would be particularly obvious from the disclosure of Leuvelink to select a plastic which would possess the required strength and toughness and still have enough flexibility to prevent breakage of the battery top when the hold-down devices were clamped in position. Leuvelink clearly does not disclose such a plastic and, in fact, would lead one away from the use of a plastic for this purpose since he states that where slight yieldability is desired the clamping element should be formed of molded rubber" (Pl's Ex. No. 2, R. p. 453).

Defendant relied very heavily on the Ditz *et al.* patent, No. 2,578,518 as did the court in its decision. But the

Ditz *et al.* patent like all of the other art cited does not even suggest, much less disclose, the making of a battery hold-down frame from plastic. This patent relates entirely to battery casings and is primarily a chemical patent devoted to the disclosure in a fairly precise and detailed way of a composition that can be used in molding battery containers. Basically, the patent relates to the problems involved in molding 5-sided hollow objects (R. pp. 424-425), and every claim recites a molded battery container. Some of the compositions disclosed can be used in the manufacture of plastic battery hold-down frames within the teaching of the suit patent. But Ditz *et al.* does not disclose such a use even though the inventors were working in the automotive field and even though the patent mentions other uses for the plastic besides battery casings. The lower court in holding in view of Ditz *et al.* that plastic of any type or even the type disclosed by Ditz *et al.* could obviously be used for Coleman's purposes, i.e., to make a hold-down frame, fell into the common error of using hindsight after the event. It took Coleman to teach this use—that is the crucial point. The Ditz *et al.* patent, therefore, does not negative invention in the suit patent any more than the other references cited do.\*

Except for the Ditz *et al.* patent, no reference was submitted supporting even the court's holding and finding that the modification of polystyrene with a butadiene-styrene copolymer having a high styrene content was done before Coleman's invention of a battery hold-down frame made of such material. Thus, the 1948 letter from Carl Fox in the December, 1948 "Modern Plastics" (Defendant's Ex. M), relied on by the court, simply says that Darex Copolymer No. X-34 had been used as a plasticizer and extender for polystyrene to give it more impact resistance.

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\* As mentioned in Specification of Error No. 29 herein, *supra*, pp. 12-13, appellant contends that the Ditz *et al.* patent was inadmissible as a reference because it issued after the filing date of the suit patent. This point and the law applicable thereto will be developed in detail hereinafter, see *infra*, pp. 56-61.

The reference is obviously to experimental work, and the disclosure of this letter is hardly sufficient even to show the prior existence of a modified polystyrene such as that suggested by Coleman, let alone Coleman's use of it. The other reference allegedly supporting the court's holdings and findings regarding the novelty of the plastic itself is "Modern Plastics Encyclopedia" of 1950 (Defendant's Ex. T). Defendant's own expert, Mr. Stringfield, however, admitted on cross-examination that he could not tell from this disclosure whether the Buna S was being modified by polystyrene, i.e., there was less than 50% polystyrene, or whether the polystyrene was being modified by the Buna S, i.e., there was more than 50% polystyrene as required by the suit patent (R. pp. 322-324). And despite the alleged vagueness of the suit patent, even defendant's expert admitted that the reference therein to polystyrene modified by a Buna S having a high styrene content necessarily means that there must be more than 50% polystyrene in the plastic (R. pp. 322-323). Referring further to this reference, although in the case of various other plastics mentioned therein, the uses of the plastics were suggested, this was not the case with respect to the plastic referred to in the paragraph relied on by defendant (R. pp. 321-322). Once again, therefore, not only is the specific plastic set forth in the suit patent not clearly and definitely shown by the cited art, but the use thereof for a hold-down frame which is the heart of the Coleman invention is not even suggested.

To summarize, none of the art cited suggests making a battery hold-down frame of plastic, and the only art even showing the type of plastic mentioned in the suit patent is the improperly admitted Ditz *et al.* patent.



## POINT V

The court erred in not holding that the use of a particular type of plastic for a battery hold-down frame was non-analogous.

The court's holdings and findings that invention did not reside in conceiving the use of a particular type of plastic for a hold-down frame and that the use to which Coleman put his recommended plastic was not a non-analogous one, appear to be based on the utterly unsupported holding that "Coleman was not the first to teach the art to use plastics in the manufacture of battery hold-down frames" (R. p. 36). Not even appellee contended that Coleman was not the first to teach this. It is to be repeated and emphasized that no one prior to Coleman suggested making a battery hold-down frame of any plastic whatsoever, and no one suggested making such a frame of polystyrene modified by a Buna S with a high styrene content. The lower court's complete disregard of this fact and its decision that what Coleman had done was obvious, constitute a fundamental error. Moreover, this holding is contrary to the holding of the highly trained experts of the Patent Office Board of Appeals, quoted *supra* at p. 32 hereof.

The reason Coleman did not receive a patent for just plain plastic frames is that all plastics are not satisfactory for his purposes and a patent that broad would have included inoperative articles. The trial judge apparently did not understand this and relied heavily on the fact that claims to plain plastic frames were not allowed. Indeed, the lower court even mistakenly believed that the inventor sought to get the original broad claims after the appeal (R. p. 20). The file wrapper shows that the original claims were cancelled after the appeal (Pl's Ex. No. 2, R. p. 456—"Cancel Claims 1 and 2 and insert the following new claims:"). That the District Court relied on its misconception that the Patent Office refused broad claims be-



cause of lack of invention is also apparent from its opinion wherein this supposed fact is referred to as "very significant" (R. p. 20).

The Ditz *et al.* patent on which defendant placed heaviest reliance relates to battery containers (Ditz *et al.* patent, Col. 1, lines 5-8; and the claims of this patent). The testimony of Mr. Miller clearly showed why use of the plastic disclosed in the Ditz *et al.* patent for battery containers would be wholly non-analogous to use of that same plastic in battery hold-down frames (R. pp. 422-425). The problems of molding a hollow five-sided object are what concerned the Goodrich people when they were working on the subject matter of the Ditz *et al.* patent,\* and these problems are entirely different from those encountered with a battery hold-down frame which is to be used to clamp, not merely as a container for liquid. Thus, even though Goodrich makes finished articles in the automotive field and the Ditz *et al.* patent relates to battery containers, this patent does not even suggest making battery hold-down frames of the plastic referred to therein to solve the long-standing problems with metal frames of which Goodrich must surely have been aware. And this is so despite the fact that the patent does mention other uses in addition to use as a battery container (Ditz *et al.* patent, Col. 1, lines 34-36). The court's holding that use of the plastic in Ditz *et al.* for Coleman's purposes is obvious and analogous simply cannot be upheld.

As to whether the recommendation of one type of plastic instead of another for a battery hold-down frame in-

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\* "It is difficult to remove hollow objects molded of these materials from the mandrel on which they are formed. Furthermore, the finished molded articles exhibit low impact resistance and tend to crack when subjected to changes in temperature.

We have now discovered that compositions comprising a homogeneous mixture of polystyrene with a lesser amount, especially from one-tenth to one-third its weight, of a copolymer of an open-chain conjugated diolefin exhibit unexpectedly superior properties which render them useful for many purposes, particularly in the manufacture of hollow molded articles" (Ditz *et al.* patent, Col. 1, lines 16-29). (Emphasis supplied.)

volved invention, it is respectfully submitted that in view of the fact that no one prior to Coleman had recommended the making of a battery hold-down frame of plastic at all, the recommendation of a specific type of plastic for that purpose did involve invention. The lower court held that plastics were coming more and more into use so that it was inevitable that plastic hold-down frames would be made (R. p. 38). This is purely a subjective holding unsupported by any showing in the record. Appellee did not show in any way that contemporaneously with Coleman's invention plastics were first coming into actual use in the automotive field. The record is absolutely devoid of any such proof. Indeed, Bean testified to the contrary on this point under questioning from appellee's counsel (R. p. 111).

Finally, Coleman made his invention before high impact polystyrene even came into commercial use as is shown by the testimony of Mr. Miller (R. pp. 419-422) and Plaintiff's Exhibits Nos. 82, 83, 84 and 85 (at R. pp. 480-493) establishing that the term "high impact styrene" did not make its way into the authoritative plastics publication, *Modern Plastics Encyclopedia*, until 1952, two years after Coleman's invention. There was no revolution in the automotive trade at the time of the Coleman invention whereby all of a sudden the trade turned to plastic materials. Many automotive accessories including those presented by appellee itself constituting Defendant's Exhibit E were and are made of plastics both before and after the Coleman invention. Indeed some of these are flexible or do not even include polystyrene at all and thus have no bearing at all on Coleman's problem. According to appellee's own contention, the individual raw materials for Coleman's plastic frames were available before his invention. Nevertheless, he was the first to solve an old problem; what he did was not obvious, apparently, until after he did it.

## POINT VI

### **The suit patent has a sufficient disclosure.**

The court's attack on the disclosure of the suit patent is based on the aforementioned basic misconception that the suit patent is a chemical patent. Moreover, the court erroneously treated the suit patent as a combination patent for a specific plastic material which it definitely is not. If the suit patent were in fact a chemical patent, if it related specifically to new plastics, if the patent purported to cover a combination of chemicals instead of a single article or if it purported to cover broadly all of the plastics which could be used in making a plastic battery hold-down frame, the attack on the disclosure might have some semblance of plausibility. Concededly the suit patent does not precisely give the proportions in which polystyrene and a modified Buna S having a high styrene content should be mixed or state exactly how to mix them, although the disclosure clearly indicates that polystyrene must be present in an amount of at least 50% because the material is referred to as modified polystyrene; nor does the patent disclose molding temperatures, pressures and the like for use of the mixture. But it was not necessary for such a disclosure to be made because the basic invention of the suit patent was the making of a battery hold-down frame of a specific type of plastic and the patent clearly discloses what that material is and the claims are limited to frames made of it. That the recited modified polystyrene will serve the patentee's purposes cannot be denied, and the mere fact that certain proportions of the modifying substance with respect to polystyrene may produce slightly better results than other proportions does not mean that the patent does not clearly disclose, and recite in the claims, what the plastic is of which the patentee desires to make his frames.

Moreover, a detailed and precise disclosure of the method for physically mixing the two plastic powders involved in

making the modified polystyrene is not required in the present case, nor is a detailed description of the molding process itself necessary. No invention is claimed in the physical mixing or in the molding process all of which were simply a matter of conventional techniques in the trade as testified to by Mr. Miller (R. pp. 427-428).

The only question of pertinence on the present point is whether the disclosure of the suit patent is sufficient to teach someone in the art how to make the frames. On this the testimony of appellant's expert, Mr. Miller, is conclusive. Mr. Miller is a man of vast experience in the plastics field and is thoroughly familiar with molding techniques and the like (Miller's qualifications are set forth at length at R. pp. 182-187). He testified that given the disclosure of the suit patent he would have no trouble at all in arriving at a formulation having the requisite characteristics. More specifically, he testified that given the knowledge that the plastic was to be a modified polystyrene as disclosed by the suit patent, at least 50% of the formulation would have to be polystyrene (appellee's expert conceded this, R. p. 323), and given the fact as disclosed by the suit patent that the polystyrene had to be modified so as to acquire certain specified physical and mechanical characteristics he would be able easily to arrive at a satisfactory formulation and would, therefore, be able to immediately produce a satisfactory frame although a little experimentation might be needed to make the very best results (R. pp. 427-428).

It certainly has never been held that a patent must enable a person desirous of practicing the invention thereof to achieve without any experimentation whatsoever the best possible result. Indeed, the law is to the contrary; a reasonable amount of experimentation is to be expected (see cases cited *infra*, pp. 53-55).

Regarding the question of what a Buna S with a high styrene content is, Mr. Miller testified that as a man skilled

in the art he would know that this meant a copolymer of styrene and butadiene having a substantially higher styrene content than that of the ordinary standard copolymer which is approximately 25% styrene (R. pp. 205-206). He substantiated this opinion which was based on long experience by reference to several authoritative and standard government publications clearly reciting that a copolymer with 25% styrene was the standard Buna S (R. pp. 193-195, 198-200, 204; Pl's Ex. Nos. 69, 70, 71 and 72 at R. pp. 465-475), thus making it clear that those copolymers having less than 25% styrene are low styrene content copolymers, and those having amounts substantially higher than 25% styrene are high styrene content copolymers. In particular, he supported his opinion by reference to "The Vanderbilt Rubber Handbook," 9th ed. 1948 (Pl's Ex. No. 69 at R. p. 465) which actually refers to Buna S's having styrene content higher than 25% as "Higher Styrene" copolymers and the 25% styrene copolymer as "GR-S Standard."

Appellee's contention regarding the alleged indefiniteness of the term Buna S having a high styrene content is refuted by the fact that its own expert Mr. Stringfield knew what the term meant. Of course, the meaning attributed to the phrase by him was favorable to appellee and contrary to Mr. Miller's opinion, but certainly the phrase had meaning to both Mr. Miller and Mr. Stringfield, and as will be pointed out in the section of this brief devoted to the question of infringement (*infra*, pp. 64-73), it does not actually matter which interpretation is taken because either way the patent must be held to be infringed. As a matter of fact, Messrs. Kraver and Fritzhand of appellee's supplier and molder of frames purported to understand the disclosure of the suit patent since they tried, so they testified, to deliberately avoid infringement thereof and even obtained a copy of the patent supposedly for this purpose



(R. pp. 134, 139, 140, 165, 166, 170-171, 172).<sup>\*</sup> And on this they had the advice of Mr. Halle, their and appellee's patent counsel (R. p. 140). Thus, these three people apparently understood the disclosure now attacked as so unclear; of course, appellant denies that Kraver and Fritzhand really tried to avoid infringement and contends that infringement was not in fact avoided, but it does seem strange for appellee to claim that it clearly avoided infringing a patent the disclosure of which it contends is too indefinite.

The only reason for defining in the patent the modifying copolymer as a Buna S with a high styrene content was to distinguish it from butadiene-styrene copolymers having the standard amounts of styrene or lower amounts of styrene and which would not modify polystyrene as required by the inventor. The modifying copolymer employed by appellee does have a substantially higher styrene content than the standard and does accomplish modifying the polystyrene in the manner disclosed by the suit patent. Thus, the patent obviously was sufficient to teach the infringer herein what to do and no amount of semantic argument to the contrary changes this.

Regarding the court's holding (R. p. 40), that the patent does not set forth the best mode contemplated by the inventor for carrying out his invention, it is desired to point out that there was no evidence whatsoever to support this. The patent does set forth the best mode *contemplated* by Coleman. Certainly there is nothing in the record to the contrary. Apparently what the Court really meant is that

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<sup>\*</sup> Fritzhand testified:

“Q. Did you read the patent? A. Yes.

Q. You understand patents? A. To a certain extent. A layman's understanding.

Q. Do you understand sufficiently to know what plastic is referred to in it? A. Yes' ” (R. p. 172).



Coleman's mode did not turn out to be *the* best one. But the patent law only requires that the inventor set forth the best mode which *he* knows of at the time, and there is no evidence showing that this was not done in the case of the suit patent. The fact that subsequent events or developments may have shown that there is a better way of carrying out the invention does not result in non-compliance with the law; and the only question in such a situation is whether the subsequently employed so-called better mode used by an alleged infringer comes within the claims. The validity of a patent is not affected by the fact that the inventor did not at the application date know what actually turned out to be the best mode of carrying out the invention (see cases cited at pp. 55-56, *infra*). Any other holding would require an inventor to withhold disclosure till he was sure he had the best mode of carrying out his invention, and this is contrary to the policy of the patent law, would put a premium on delay in filing, and would result in an improper extension of the patent monopoly.

## POINT VII

**The court erred in holding the appellant bound by the inventor's statements as to the meaning of the term "Buna S having a high styrene content" and in holding the disclosure indefinite and the patent not infringed because of these statements.**

A major error made by the trial court was in holding that "there cannot be enough disclosure [with respect to the meaning of the phrase Buna S having a high styrene content] if the inventor can disagree with the theory on which his assignees try the lawsuit" (R. p. 433). See also the court's remarks at the bottom of page 426 of the record. This error is of pertinence both on the question of whether the disclosure is adequate and on the question of infringement.

The court's position in this regard is supported neither by logic nor legal precedent. Appellant is not bound by the inventor's own statement of what "Buna S with a high styrene content" means to him. Even more important, however, the inventor in the present case did not even purport to give more than an uneducated *guess* as to what "high styrene content" meant. As already mentioned, Coleman is not a chemist and his invention was to make battery hold-down frames from a particular type of plastic which would give the requisite characteristics. The plastic he suggested was polystyrene that had to be modified with a particular substance. It turned out that this particular substance was known as a Buna S with a high styrene content. But what the scientific or chemical meaning of the term itself was Coleman did not know. And it was not necessary that he know since the term speaks for itself and communicates to one skilled in the art all that is necessary to practice the invention.

The law is clear that an assignee of a patent is not bound by statements of the inventor. Any other rule would put the assignee at the mercy of an inventor who through ignorance or even malice might make statements adverse to the assignee's case. See cases cited *infra*, pp. 61-62.

The importance attached by the court to Coleman's guess is attested by the quoting of his testimony in this regard in the opinion (R. pp. 22, 29-30). Even what the court quoted shows that Coleman was just guessing. In addition, however, the following testimony by Coleman unfortunately was not included by the court in its opinion:

"Q. You testified before that you thought that buna S with a high styrene content would have over 50% of the styrene, is that correct? A. That's right.

Q. Is that something based on knowledge or is that a guess? A. That's purely a guess. I have no way of knowing. I took from the high styrene that's what they meant'" (R. p. 386).

It is respectfully submitted that valuable patent rights cannot be destroyed because an uninformed inventor, admittedly not a chemist or expert, disagrees with his assignee's expert witness. Yet this is exactly the result of the decision of the lower court in this case.

## POINT VIII

### The law applicable to the question of validity.

#### 1. *Presumption of Validity and Burden of Proof.*

The presumption of validity of a patent was deemed of such importance that it was included in the codification of the Patent Law of 1952 in Section 282 of 35 U. S. C. As a result, the burden is heavily on the party contending for invalidity to show this by clear and convincing proof (35 U. S. C. 282); *Ralph N. Brodie Co. v. Hydraulic Press Mfg. Co.*, 151 F. 2d 91 (C. C. A. 9, 1945).

This court in *Park-In Theatres, Inc. v. Rogers, et al.*, 130 F. 2d 745 (C. C. A. 9, 1942) clearly sets forth the law on this point:

“The issuance of the patent is presumptive evidence of invention and patentability. The presumption is so strong that in the event of a reasonable doubt as to patentability or invention that doubt must be resolved in favor of the validity of the patent” (p. 747).

See also *Massa v. Jiffy Products Co., Inc.*, 240 F. 2d 702 (C. A. 9, 1957)—to the effect that the presumption of validity of a patent arises from the expertness of the administrative agency issuing the patent; *Patterson-Ballagh Corp. v. Moss*, 201 F. 2d 403 (C. A. 9, 1953); and *Hazeltine Research, Inc. v. Avco Manufacturing Corporation*, 227 F. 2d 137 (C. A. 7, 1955).

Commercial success was established in the instant case and this has been held to strengthen the presumption of validity. *Research Products Co. Ltd. v. Tretolite Co.*, 106

F. 2d 530 (C. C. A. 9, 1939). Moreover, the fact that an application for patent received lengthy consideration in the Patent Office including even review by an appellate tribunal in the Patent Office also strengthens said presumption. As was said in *S. H. Kress & Co. v. Elie P. Aghnides, et al.*, 246 F. 2d 718 (C. A. 4, 1957):

“...and the usual presumption of validity is strengthened by the history of this patent in the Patent Office. It was granted only after considerable controversy and after review by the Board of Appeals, where the references relied on by the defendant were all closely considered by administrative officials possessing special competence in the field” (p. 721).

It is to be noted that in the present case the patent was issued only after an appeal to the Board of Appeals which considered some of the references on which the trial court placed its strongest reliance. See also *Trane Co. v. Nash Engineering Co.*, 25 F. 2d 267 (C. C. A. 1, 1928).

## 2. *Long-Felt Need.*

The doctrine in patent law that satisfaction of a long-felt need in an industry or trade is highly probative of invention is an old and accepted one. Rather than burden this discussion with the numerous citations and quotations possible, it will suffice to refer to the statement of the Supreme Court in the case of *Goodyear Tire and Rubber Company, Inc. v. Ray-O-Vac Company*, 321 U. S. 275, 64 S. Ct. 593, 88 L. ed. 721 (1944):

“Viewed after the event, the means Anthony adopted seems simple and such as should have been obvious to those who worked in the field, but this is not enough to negative invention. During a period of half a century, in which the use of flashlight batteries increased enormously, and the manufacturers of flashlight cells were conscious of the defects in them, no one devised a method of curing such defects. Once the method was

discovered it commended itself to the public as evidenced by marked commercial success" (p. 279 of 321 U. S. ; p. 724 of 88 L. ed.).

The foregoing quotation fits the facts in the present case very aptly. The problem of producing a safe and adequate battery hold-down frame was proved to have been present for almost forty years throughout which period the use of storage batteries increased tremendously with the increase in production of automobiles, and the need for remedying the problem obviously also became greater. As in the *Ray-O-Vac* case, the solution to the problem proposed by the inventor of the suit patent herein seems simple—after the invention was made. It was not so simple before.

In upholding the validity of a very simple patent for a weeping doll, the Court of Appeals for the Fourth Circuit in the case of *Brown v. Brock*, 240 F. 2d 723 (C. A. 4, 1957), made the following significant statement:

"The record here shows a longfelt and unsatisfied want for an acceptable weeping doll. As we have seen, a number of devices were attempted, but none served the purpose. If any solution to the problem had been obvious, it would not have been overlooked in the industry for want of desire or effort. Notwithstanding the persistent search of the doll industry, the solution achieved by Senior did not seem obvious to anyone else until he conceived and embodied it in the patent in suit. The contention of obviousness is more readily conceived *after* the event than is the solution while the problem remains unsolved. In respect to patents, as in other concerns of life, human experience teaches that 'obviousness' is often much clearer after the event than before; solutions which have remained persistently elusive leap distinctly into view after someone else has pointed them out" (p. 727).

Said statement is believed to be a perfect description of the situation in the present case.



### 3. *Commercial Success.*

Although commercial success alone will not supply the element of invention where it is otherwise lacking, this factor has always been considered of great importance. The Supreme Court so held in the *Ray-O-Vac* case, *supra*, and so has this court on many occasions. See, for example, *Research Products Co. Ltd. v. Tretolite Co.*, *supra*.

Quite recently, the Court of Appeals for the Seventh Circuit in *Unilectric, Inc. v. Holwin Corporation*, 243 F. 2d 393 (C. A. 7, 1957) said:

“Its commercial success as shown by the evidence and the facts that United’s sockets are imitative are excellent proofs of its useful advance in the art and its patentable novelty” (p. 398).

See also *Brown v. Brock*, *supra*.

### 4. *Substitution of Materials.*

It has always been held that substitution of materials can amount to invention. The standard for this type of invention is no different from that applicable to other types of inventions and is simply whether or not the substitution was obvious as measured by the results produced. The leading case on the subject is *Smith v. Goodyear Dental Vulcanite Co.*, 93 U. S. 486, 23 L. ed. 952 (1877). In that case the invention was a product made in a defined manner, and the court mentions that the product could not be separated from the process by which it was created. The present case is analogous to *Smith v. Goodyear Dental Vulcanite Co.*, *supra*, since herein it is also an article that is involved although in the instant case the article is defined in terms of its composition from which, again, it cannot from an inventive point of view be separated. The Supreme Court in replying to the contention that the substitution of materials was not patentable and in clarifying



and distinguishing from another case makes the following very pertinent holding:

“It [referring to the other case] does not decide that no use of one material in lieu of another in the formation of a manufacture can, in any case, amount to invention, or be the subject of a patent. *If such a substitution involves a new mode of construction or develops new uses and properties of the article formed, it may amount to invention.* The substitution may be something more than formal. It may require contrivance, in which case the mode of making it would be patentable; *or the result may be the production of an analogous but substantially different manufacture*” (p. 496 of 93 U.S.; pp. 954-955 of 23 L. ed.). (Emphasis supplied.)

The foregoing holding applies directly to the instant case. Certain new properties in the article, i.e., battery hold-down frame, are present therein because of the substitution of materials made by the inventor, Coleman. Indeed, the desire to obtain these properties was the reason for the invention itself, and the invention filled a long-felt need and has been a great commercial success as a result thereof. Even further, it can be said that the result of the substitution produces a “substantially different manufacture” since the plastic frames are so totally different from the old metal ones in their physical and mechanical properties. It is true that their basic holding down function remains the same, but there is the essential difference that the plastic frames have the ability to accomplish this without risk of short circuit, fire, corrosion, breaking the battery, etc. whereas these problems are ever present with the metal frames. Thus, the difference between the two articles can well be said to be one of kind rather than degree.

In the case of *Akme Flue, Inc. v. Aluminite Flexible Flue Cap Co., Inc.*, 27 F. 2d 736 (C. C. A. 2, 1928), one of the claims in suit read as follows:

"4. The combination with a flue pipe through which greasy and sooty gases and vapors are adapted to be passed, of a non-fouling steel wool cooperating with said flue pipe, so that the vapors and gases contact therewith before being discharged from the flue pipe to lessen staining" (p. 736).

Flues having different filters than steel wool were old as was the use of steel wool for other filtering purposes. Nevertheless, the court held the patent valid in the following language:

"We are satisfied that upon this record the patent in suit is not shown to have been anticipated and should be held valid. The substitution of a known material has frequently been held to constitute invention" (pp. 737-738).

Another well-known case where substitution of materials was held to amount to invention is that of *George Frost Co. v. Cohn*, 119 Fed. 505 (C. C. A. 2, 1902) wherein the substitution in a conventional clasp of a button made of rubber instead of metal was held to amount to invention in view of the marked superiority of the article as so constructed. The following quotation is highly pertinent to the present case:

"It is not necessary to the patentable novelty of a device, which consists in employing a new material for an old one in constructing one of its parts, that the substitution should involve the discovery or utilization of an unknown or unexpected property of the material. This is one of the tests of patentable novelty, but it is not the only one. Whether the feature of novelty is the employment of a new material, or a change of adaptation in other respects, the inquiry always is whether what was done involved the exercise of inventive faculty as distinguished from the ordinary skill of the calling. *When the substitution has accomplished a result which those skilled in the art had long and vainly sought to effect, the evidence that it*

*involved something beyond the skill of the calling is so persuasive that it generally resolves the inquiry in favor of patentable novelty*" (p. 508). (Emphasis supplied.)

The following cases also illustrate the foregoing principles: *C. & A. Potts & Co. v. Frank F. Creager*, 155 U. S. 597, 15 S. Ct. 194, 39 L. ed. 275 (1895)—substitution of steel bars for glass bars held to amount to invention; *Oliver-Sherwood Co. v. Patterson-Ballagh Corp.*, 95 F. 2d 70 (C. C. A. 9, 1938)—substitution of soft rubber for hard rubber on a bearing held to amount to invention; *United Shoe Machinery Corp. v. E. H. Ferree Co.*, 64 F. 2d 101 (C. C. A. 2, 1933)—substitution of aluminum alloy arm for cast iron arm used in clicking machine for manufacturing shoe uppers held to amount to invention; *Lowe v. McMaster*, 266 Fed. 518 (C. C. A. 3, 1920)—substitution of a solid for a liquid fuel in vulcanization apparatus held to amount to invention; and *Hogan v. Westmoreland Specialty Co.*, 163 Fed. 289 (Circuit Court, E. D., Pa., 1908), *aff'd* 167 Fed. 327 (C. C. A. 3, 1909)—substitution of celluloid for other materials previously used in making the cap for a dredge for salt or pepper held to amount to invention.

The question of whether there is invention in a substitution of materials is related to the question of whether the use by the patentee of a particular type of material is a non-analogous one. Indeed, the same considerations apply since whether a use is analogous or not should be determined by considering whether the use was made previously in the face of a long-standing problem requiring solution. Such is the holding of the case of *Smith v. Good-year Dental Vulcanite Co.*, *supra*.

Also on point is the language of *In re Covey*, 63 F. 2d 982 (C. C. P. A., 1933) where the Court of Customs and Patent Appeals said:

"It would seem, therefore, in view of the years of effort by tire manufacturers and others to solve the problem

confronting appellant, that, if the use of crepe rubber for the tread of tires is analogous to its use for the soles of shoes, and obvious to one skilled in the art, it would have occurred to some one at an earlier date. See *In re Fawick*, 56 F. (2d) 873, 19 C. C. P. A. 1124.

“We are of opinion, therefore, that the use of crepe rubber for the tread or wearing surface of tires is not analogous to its use for soles of shoes; that, in view of the foregoing considerations, such use by appellant was more than a mere substitution of a superior, for an inferior, material, or of one well-known form of a particular material for another well-known form of the same material; and that it required the exercise of the inventive faculties to produce appellant’s tire. See *Potts v. Creager et al.*, 155 U. S. 597, 15 S. Ct. 194, 39 L. Ed. 275; *Lakewood Engineering Co. v. Walker* (C. C. A.) 23 F. (2d) 623” (p. 983).

Coming specifically to the present case, polystyrene concededly is one of earliest plastics made and was available many years prior to the present invention; Buna S’s were known back in World War II (R. pp. 193-194). And butadiene and styrene, the raw materials of a Buna S, were themselves old and well-known substances long prior to the instant invention. Nevertheless, the substitution of materials made by Coleman in order to produce plastic battery hold-down frames to replace the defective metal frames was not made until Coleman’s invention in spite of the long-felt need. It is urged that in view of this and the results of the present invention, the present case comes within the rule of the above-cited cases. The Board of Appeals in the Patent Office concurred in this as is shown by its decision and in particular the portion quoted at p. 32 hereof, *supra*. *Freedman v. Overseas Scientific Corporation*, 248 F. 2d 274 (C. A. 2, 1957) is also pertinent on this point—see particularly the second complete paragraph on page 276.

### 5. *Utility.*

It has already been argued that appellee failed to establish that appellant's frames made with its original formulation lacked utility (*supra*, pp. 28-30). In addition, however, to finding contrary to the weight of the evidence that appellant's said frames lacked utility, the trial court in its holding on this point is in direct conflict with certain basic legal principles applicable to the question of utility. More specifically, even if it were true as the court found in finding of fact 47 (R. p. 52) that appellant's frames at first were not "unqualifiedly commercially acceptable," under the law this would not constitute lack of utility sufficient to invalidate the patent.

Utility is established even if only partial success is obtained. Thus, in *Freedman v. Overseas Scientific Corporation, supra*, it was held that:

"An article invented may have patentable utility even though the patented device is not unfailingly operable in all its applications. *Hildreth v. Mastoras*, 257 U. S. 27, 42 S. Ct. 20, 66 L. ed. 112" (p. 276).

The matter was stated thus by the Court of Appeals for the Seventh Circuit in the case of *National Slug Rejectors, Inc., v. A. B. T. Manufacturing Corporation*, 164 F. 2d 333 (C. C. A. 7, 1947):

"As to utility, it may be said the invention was of small coverage and of even smaller importance. If the coin selector made possible the rejection of underweighted coins, or served better to eject such coins, it possessed utility. It is not the extent of the utility that governs, but the existence of *some* utility" (p. 335).

To the effect that partial success is a sufficient showing of utility and that commercial success is evidence of utility, see the *University of Illinois Foundation v. Block Drug Co.*, 133 F. Supp. 580 (D. C., E. D., Ill., 1955), affirmed 241 F. 2d 6 (C. A. 7, 1957).



See also *Technical Tape Corp. v. Minnesota Mining & Manufacturing Co.*, 143 F. Supp. 429 (D. C., S. D., N. Y., 1956), aff'd 247 F. 2d 343 (C. A. 2, 1957), holding that in the absence of proof of total incapacity the defense of non-operativeness or non-utility is not available.

## 6. Sufficiency of Disclosure.

As has already been argued, the holding by the lower court that the suit patent lacked a sufficient disclosure is predicated on the misconception that the suit patent is a patent for a chemical combination. Furthermore the lower court applied the wrong legal standards on this point. First of all, as pointed out by the Court of Customs and Patent Appeals in *In re Hudson*, 205 F. 2d 174 (C. C. P. A., 1953):

"The certainty required in patents is not greater than that which is reasonable *having regard to the subject matter involved*. *Minerals Separation, Ltd. v. Hyde*, 242 U. S. 261. This well established proposition of law readily lends itself to flexible and practical application in appraising the sufficiency of patent disclosures. That a claim should be clear and definite is, of course, elementary, but the degree of definiteness necessary to satisfy the law varies in accordance with the facts and circumstances of each case" (p. 177). (Emphasis supplied.)

The foregoing is of particular importance in appraising the present disclosure. Certainly, if patentability resided in certain critical limitations as to amount and composition, the proportions and definitions required by the trial court would be necessary; and in such case the fact that experimentation might be required to practice the invention could be fatal as far as sufficiency of the disclosure is concerned. On the other hand, however, there are many situations where the invention of a valid patent cannot be practiced without preliminary experimentation. Mr. Miller testified to this from the point of view of a man skilled in his par-



ticular field and having knowledge of patents from a practical point of view (R. pp. 427-428). It is respectfully submitted that in view of the nature of the present invention, a degree of precision in the disclosure which would avoid any preliminary experimentation at all was not required, and as a result the fact that some experimentation with proportions and molding methods may be required does not render the disclosure insufficient.

The foregoing is supported by the case of *Minerals Separation, Ltd. v. Hyde*, 242 U. S. 261, 37 S. Ct. 82, 61 L. ed. 286 (1916) wherein the court pointed out that the fact that preliminary tests might be required does not prevent the disclosure from being adequate:

“Equally untenable is the claim that the patent is invalid for the reason that the evidence shows that when different ores are treated preliminary tests must be made to determine the amount of oil and the extent of agitation necessary in order to obtain the best results. Such variation of treatment must be within the scope of the claims, and the certainty which the law requires on patents is not greater than is reasonable having regard to their subject matter” (p. 270 of 242 U. S.; p. 293 of 61 L. ed.).

The case of *Research Products Co., Ltd. v. Tretolite Co.*, *supra*, in this circuit is very pertinent to the present point. In said case this court upheld the sufficiency of the disclosure in the patent in suit in spite of the fact that

“Thus far it is clear that the patent is indefinite leading as it does to experimentation to determine the particular chemical of a class to be used in each instance” (p. 532).

Other pertinent cases are: *Seabury & Johnson v. Charles G. Am Ende*, 152 U. S. 561, 14 S. Ct. 683, 38 L. ed. 553 (1894); *Snow v. Kellar-Thomason Co.*, 241 Fed. 119 (C. C. A. 9, 1917); *In re Storrs*, 245 F. 2d 474 (C. C. P. A.,

1957); *In re Chilowsky*, 229 F. 2d 457 (C. C. P. A., 1956)—see headnotes 7 and 8, page 462.

Another factor in the court's decision relating to alleged insufficiency of the disclosure was the holding and finding that the patentee did not point out the best method of practicing his invention. It is a well established principle that a patent need not set forth *the* best mode of carrying out the invention; what is required is that it disclose *what the inventor believes or contemplates or conceives* to be the best mode of carrying out the invention. If this were not the rule, deserving persons giving the public the benefit of their ideas would be deprived of their rights simply because subsequently it turns out that those ideas can be, as is very often the case, improved upon. In the case of *Smith v. Carter Carburetor Corporation*, 130 F. 2d 555 (C. C. A. 3, 1942), the court held:

"It is well settled that an inventor need not choose the most efficient mode of carrying out his invention. If such were the requirement, many patents would be of little value as protection against disclosure. While an inventor is required to describe what he conceives to be the best mode for carrying out his idea, he is not confined to that. [Cases cited omitted.] Ericson did what the patent laws require of an inventor. He explained the principle of his invention and what he considered the best mode of applying that principle [citation omitted]. The fact that he did not choose what subsequently turned out, in practice, to be the best structure for applying his principle did not serve to render his disclosure worthless" (p. 559).

In this case the court also pointed out that if the patented mechanism worked for its intended purpose *even though crudely* the disclosure would be sufficient. See also *Hobbs v. Wisconsin Power and Light Company*, 250 F. 2d 100 (C. A. 7, 1957).

It is respectfully submitted that the instant patentee set forth the best mode of carrying out his invention conceived by him and that products made in accordance with that disclosure worked far better than crudely.

Coming now to the question of how the invention of the suit patent is claimed, it is believed that under the circumstances it was perfectly proper to claim the article in terms of its composition and physical characteristics. The following cases hold that this is permissible where the only way in which an invention of an article of manufacture can be adequately described is with reference to what it is made of:

*Smith v. Goodyear Dental Vulcanite Co., supra; Akme Flue, Inc. v. Aluminite Flexible Flue Cap Co., Inc., supra; General Electric Co. v. Independent Lamp & Wire Co., Inc.*, 267 Fed. 824 (D. C., N. J., 1920); *Ex parte Charch*, 102 USPQ 363 (Patent Office Board of Appeals, 1953); *Ex parte Robinson*, 102 USPQ 219 (Patent Office Board of Appeals, 1952); *Ex parte Lessig and Headley*, 57 USPQ 129 (Patent Office Board of Appeals, 1943).

## **7. The Admissibility of the Ditz et al. Patent.**

The patent to Ditz *et al.* was offered and accepted in evidence as prior art despite the fact that it issued subsequently to the filing date of the suit patent. Appellant objected to admitting the patent for any purpose on the ground that it was not prior art because of its issue date and on the ground that it did not show that the inventor of the suit patent was not the first inventor because it (the Ditz *et al.* patent) does not relate to the same invention as that of the suit patent. The court overruled these contentions on the authority of the case of *Alexander Milburn Co. v. Davis-Bournonville Co.*, 270 U. S. 390, 46 S. Ct. 324, 70 L. ed. 651 (1926) as codified in Section 102(e) of Title 35 of the U. S. Code. It is respectfully submitted that neither the *Milburn* case nor Section 102(e) are authority for ad-

mitting a subsequently issued patent as prior art and that the improper admission of the Ditz *et al.* patent for this purpose or, indeed, for any purpose was a serious error requiring reversal. Before discussing this matter in greater detail, it is desired to point out that the lower court and appellee regarded the Ditz *et al.* patent as one of the most powerful weapons against the suit patent because it discloses practically the same plastic as that employed by appellee for its frames. That the Ditz *et al.* patent nevertheless does not show lack of invention in the suit patent has already been argued, *supra*, pp. 32-33, 36.

Until the decision in the *Milburn* case aforesaid, there was no question but that a patent operated as prior art from the date of its issuance, not the date it was filed. See, for example, *Hamilton Beach Mfg. Co. v. P. A. Geier Co.*, 230 Fed. 430 (C. C. A. 7, 1916), which case is merely exemplificative of many similar cases. Subsequent to the aforesaid decision, doubt has apparently been cast on this proposition due to the failure of courts to appreciate the specific issue that was before the Supreme Court in the *Milburn* case and what exactly that court decided in said case. For this reason, a brief review of the *Milburn* decision itself is necessary; and since it is conceded that Section 102(e) is no more than a codification of the *Milburn* case, all of the following discussion with respect to that case applies equally to the interpretation of Section 102(e).

In the *Milburn* case a patent relied on for invalidating the suit patent disclosed the subject matter of the suit patent but did not claim it. This patent issued subsequently to the filing date of the suit patent although the application for it had been filed earlier than the application on which the suit patent issued. The Second Circuit Court of Appeals held that the alleged invalidating patent could not be prior art and that on the issue of whether the suit patent represented a first invention the alleged invalidating patent could only be pertinent *if it claimed*, not merely disclosed, the invention of the suit patent. The theory of this was

that one is not an inventor who does not claim his invention. The Supreme Court in reversing this holding held that a patent serves to show that the patentee of a suit patent is not the first inventor regardless of whether or not the invalidating patent claims as well as discloses the subject matter which is urged to show the patentee of the suit patent not to be a first inventor. Stated another way, the Second Circuit Court of Appeals had held that while a prior art patent is effective as to what is disclosed and claimed, a patent not in the prior art but serving to show that an alleged inventor was not the first inventor was effective only as to what was claimed. And the Supreme Court simply held that for the purposes of showing that an inventor was not the first inventor, a patent not in the prior art was effective both as to matter disclosed or claimed.

It is readily seen from the foregoing that the issue in the *Milburn* case was a very narrow one, and the question was not at all whether or not a patent issuing subsequent to the filing date of a suit patent on an application filed prior to the filing date of the suit patent was prior art. And it follows from this that the *Milburn* case and Section 102(e) codifying it in no way have disturbed the law to the effect that a patent speaks as prior art as of its issue date.

For a discussion corroborating the foregoing, the court is respectfully referred to the case of *Old Town Ribbon & Carbon Co., Inc. v. Columbia Ribbon & Carbon Mfg. Co., Inc.*, 159 F. 2d 379 (C. C. A. 2, 1947) in which, on page 381, the Court of Appeals for the Second Circuit through Learned Hand analyzes just what happened in the *Milburn* case. This case and others in the Second Circuit accordingly continue to hold that a patent speaks as prior art as of its issue date. See, for example, *Stelos Co., Inc. v. Hosiery Motor-Mend Corporation*, 72 F. 2d 405 (C. C. A. 2, 1934), *aff'd* 295 U. S. 237, 55 S. Ct. 746, 79 L. ed. 1414 (1935) wherein it is stated:



"Stephens [the patent in suit] filed his application on September 24, 1923, three months after Semonsen, and although Semonsen's patent was still in the office and did not count as prior art, Stephens was not the first inventor [citing the *Milburn* case]" (p. 406).

The reasoning behind the position contended for herein is basic. Prior art refers to that which is in the public domain, and although an inventor is charged with knowledge of the prior art even though he may not in fact have such knowledge, he cannot be charged with knowledge of what by law is secret, and patent applications until they issue are secret. The same law and reasoning which prevent a secret prior use or secret prior knowledge from invalidating a patent and which preclude an inventor from being charged with knowledge of such uses and prior knowledge prevent him from being charged with knowledge of the disclosure and claims of a patent before it issues.

This court held back in 1920 that a patent speaks as an anticipation from its date of issuance, not its date of application. *Perfection Disappearing Bed Co., Inc. v. Murphy Wall Bed Co.*, 266 Fed. 698 (C. C. A. 9, 1920); cert. den. 254 U. S. 652, 41 S. Ct. 149, 65 L. ed. 458 (1920). It is believed that this case is still good law. In fact, as recently as 1957 the case was cited for the proposition that a patent speaks as an anticipation from the date of its issue. This was in *East Rutherford Syringes, Inc. v. Omega Precision Medical Instrument Co., Inc., et al.*, 152 F. Supp. 497 (D. C., N. J., 1957). The court in the *East Rutherford* case also points out, as mentioned above, that the issue in the *Milburn* case was priority of invention, i.e., the defense that the patentee was not the original and first inventor (see pages 501 and 502).

A very apt statement of the proposition advanced herein occurs in *Baltimore Paper Co. v. Oles Envelope Co.*, 13 F. Supp. 951 (D. C. Md., 1936), (affirmed 89 F. 2d 279 (C. C. A. 4, 1937)), wherein the court stated:



“The defense of prior art rests on disclosure. There could be no disclosure to the plaintiff of defendant’s application while pending in the Patent Office. But the defense of prior invention rests on actual first conception of the idea. *In other words, in order for the prior applicant to be the first inventor, his patent application must actually disclose the thing patented to a later applicant.* Such was the holding in *Stelos Co. v. Hosiery Motor-Mend Corporation* (C. C. A.) 72 F. (2d) 405, based upon what we understand to be a proper interpretation of the rule laid down by the Supreme Court in *Milburn Co. v. Davis, etc., Co.*, 270 U. S. 390, 46 S. Ct. 324, 70 L. Ed. 651” (pp. 954-955). (Emphasis supplied.)

Coming to the present case more specifically, it is believed to be abundantly clear that the Ditz *et al.* patent should not have been admitted as prior art but that the court nevertheless so admitted it and relied heavily on it as prior art. The patent, however, was not even admissible on the issue of prior inventorship because it is not for the same invention as that of the suit patent. In view of the fact that the suit patent relates to battery hold-down frames and the Ditz *et al.* patent to the molding of battery containers, it is not seen how the disclosure of the Ditz *et al.* patent could possibly be for the same invention as that of the suit patent; in other words, the Ditz *et al.* patent simply cannot be an anticipation. Perhaps the lower court thought it was an anticipation because the Ditz *et al.* patent shows the type of plastic which the appellee’s accused frames are made of. But, as appellant has tried to make very clear, the invention of the suit patent is not of a composition or chemical combination but of an article.

The strict standard applied in this Circuit in determining whether an anticipation is present or not is shown in the case of *Stauffer v. Slenderella Systems of California, Inc.*, 254 F. 2d 127 (C. A. 9, 1957), wherein this court stated:

“Anticipation is strictly a technical defense. Unless all of the same elements are found in exactly the same situation and united in the same way to perform the identical function in a prior pleaded patent, there is no anticipation” (p. 128).

The Ditz *et al.* patent cannot possibly meet this standard, and to be admissible in view of its issue date it must meet this standard. The claim in suit involves far more than a composition and includes limitations as to what the article itself is and certain mechanical elements which it must have. The Ditz *et al.* patent does not have all of the same elements, cannot have them in the same situation, and, of course, the elements mentioned therein are not united to function at all the same as the article disclosed and claimed in the suit patent. The Ditz *et al.* patent relates to battery containers, heels for shoes and the like; regardless of what the latter are made of, they cannot be the same as a battery hold-down frame.

#### **8. A Patent Owner Is Not Bound by the Inventor's Statements.**

The basic reasons why a patent owner in litigation should not be bound by statements of the inventor of the suit patent are that the latter may in some cases not fully understand his invention and in other cases may have an interest adverse to that of the patent owner. The point is that although any witness' statements regarding the interpretation of a patent may possibly be of some evidentiary value, such statements are not binding upon the court and do not foreclose a plaintiff merely because the witness is the inventor.

A case in this circuit clearly supporting the above is *Celite Corporation v. Dicalite Co.*, 96 F. 2d 242 (C. C. A. 9, 1938). In said case there was a conflict in testimony of experts as to how the inventor's process operated. In dealing with the matter this Court made the following significant statement:

“However this may be, we deem it immaterial to the validity of the patent, as it is not essential that an inventor understand the exact nature of the physical or chemical changes involved or resulting from his process, if the product and the process are novel and useful. [Citing cases]” (p. 246).

The foregoing applies to the present case. Coleman was asked what a Buna S with a high styrene content was, and the lower court placed great emphasis on his *pure guess* that this meant over fifty per cent in styrene in the copolymer. Obviously Coleman who is a layman and not a chemist (R. p. 367) did not understand the term he was asked to interpret and he admitted this, stating that he was only guessing (R. p. 386). But it was not necessary according to the established law in this circuit and elsewhere that Coleman understand the term *so long as the term was a proper one and had a meaning to persons skilled in the art*. Once this is recognized, the insignificance of any conflict between Mr. Miller’s testimony and Coleman’s becomes readily apparent as does the fact that the patent cannot be held indefinite and not infringed because of Coleman’s guess. See also *In re Storrs, supra*, and *In re Chilowsky, supra*—headnotes 10 and 11.

Another case bearing on this point is that of *Ward v. Shope Brick Co.*, 3 F. 2d 244 (C. C. A. 9, 1925) wherein this court stated:

“... and, if the patent is valid, appellee is not to be deprived of its benefit, however erroneous the explanation and reasoning of its witnesses and council” (p. 246).

See also *Glade v. Walgreen Co.*, 122 F. 2d 306 (C. C. A. 7, 1941) to the effect that a court is not bound by admissions in determining the question of patentability.

**9. Publications Used as Prior Art Must Teach Clearly How to Practice the Invention.**

The court below although finding the disclosure of the suit patent insufficient held said patent invalid over the vaguest, sketchiest and most insufficient disclosures conceivable. Not a single publication or patent cited by appellee had a disclosure teaching the making of a battery hold-down frame of plastic or of the particular type of plastic disclosed by Coleman. It is old and established law that a publication must disclose the invention it is cited against in such clear and exact terms that one skilled in the art could practice the invention from the publication's disclosure. In the leading case of *Seymour v. Osborne*, 78 U. S. 516, 11 Wall. 516, 20 L. ed. 33 (1871) the Supreme Court said:

“Patented inventions cannot be superseded by the mere introduction of a foreign publication of the kind, though of prior date, unless the description and drawings contain and exhibit a substantial representation of the patented improvement, in such full, clear and exact terms as to enable any person skilled in the art or science to which it appertains to make, construct and practice the invention to the same practical extent as they would be enabled to do if the information was derived from a prior patent. Mere vague and general representations will not support such a defense, as the knowledge supposed to be derived from the publication must be sufficient to enable those skilled in the art or science to understand the nature and operation of the invention, and to carry it into practical use. Whatever may be the particular circumstances under which the publication takes place, the account published to be of any effect to support such a defense, must be an account of a complete and operative invention capable of being put into practical operation” (p. 555 of 78 U. S. and p. 42 of 20 L. ed.).

That the foregoing holding definitely applies also to domestic publications is shown by the case of *Eames v.*

*Andrews*, 122 U. S. 40, 7 S. Ct. 1073, 30 L. ed. 1064 (1887) wherein the Supreme Court quotes (p. 66 of 122 U. S.; p. 1073 of 30 L. ed.) the above language from the *Osborne* case while discussing the defense of anticipation by certain printed publications among which were both domestic and foreign publications. See also *Seabury & Johnson v. Charles G. Am Ende*, *supra*. A case in point in this circuit is *Alexander Anderson, Inc. v. Eastman*, 16 F. Supp. 513 (D. C., S. D., Cal., 1936).

## Argument—Infringement

### POINT I

#### Background of the infringement.

The proof shows that after appellant had established its plastic battery hold-down frame as a new and highly desirable item in the automotive field, appellee's supplier, Kravex, decided to copy the product. The president of this supplier, Samuel Kraver, testified that not only had he been familiar with appellant's plastic frame for several years but he even gave a sample of appellant's manufacture to his molder, Gary, at the time he was explaining to the molder what to make (R. pp. 139, 165, Pl's Ex. No. 29). Both Mr. Kraver and Mr. Fritzhand of Gary testified that the sample was furnished only in order to avoid infringement, in their far-fetched explanation to prevent the same plastic as that described in the suit patent from being used by them by mistake (R. pp. 139-140, 165-166, 170-172, 180-181). The proof shows, however, that a very short time after Kravex and Gary went into the matter they produced a frame practically identical to appellant's in all respects including even color. Admittedly they did not analyze appellant's frame to see what it was made of nor did they have any one else do this or even attempt at the time to find out what their own plastic was made of, so that the contention that the sample was furnished to avoid infringe-



ment is simply absurd. When confronted with this obvious fact, Mr. Fritzhand testified that the patent is what Kravex and he hoped would help them avoid infringement and the appellant's frame was of assistance for this purpose because he obtained the suit patent number from the same! (R. pp. 170-172.) The truth is that the sample was furnished to aid in the copying—Mr. Fritzhand did not even remember whether he ordered the plastic before or after he saw the suit patent! (R. p. 172.)

## POINT II

### Proof of infringement.

Infringement of claim 3 was established by the testimony of Mr. Ert, Mr. Miller and the stipulation marked Plaintiff's Ex. No. 63.

Mr. Ert explained how the plastic frames were used and how the parts thereof work with a battery casing (R. pp. 78-79), and the physical exhibits, Pl's Ex. Nos. 42 and 48, constituting samples of the accused frames and appellants show this themselves upon any ordinary physical inspection.

Paragraph 2 of the stipulation, Plaintiff's Exhibit 63, sets forth the material of which the accused frames are made. For the court's convenience this description is set forth below in a footnote.\*

Mr. Miller testified on the basis of his knowledge as an expert in the field that this material constitutes a plastic material and that the plastic is polystyrene the mechanical

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\* "It [appellee's frame] is composed of a physical mixture consisting of a predominant amount of polystyrene, a minor amount of a copolymer of butadiene and styrene, a small fraction of anti-oxidant, and a small amount of pigment. The copolymer consists of butadiene in the range of 58% to 62% by weight and styrene in the range of 38% to 42% by weight" (R. pp. 461-462).



and physical properties of which have been modified by the addition of a Buna S having a high styrene content.\*

Miller testified further that from his own physical examination and testing of the accused frames themselves he concluded the plastic of appellee's frames had improved heat resistance, toughness as well as flexibility over that to be expected of unmodified polystyrene. Thus, the material of the accused frames is clearly within the ambit of claim 3 (R. pp. 211-213).

### POINT III

**The meaning of the term "Buna S having a high styrene content" as far as infringement is concerned.**

As far as infringement was concerned, appellee did not contest the fact that its plastic is polystyrene modified by a Buna S whereby the various physical and mechanical properties mentioned in the suit patent are obtained. The contention was made, however, that the modifying co-polymer of butadiene and styrene is not a Buna S with a high styrene content because the percentage of styrene therein is between 38 and 42%.

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\* "Q. I refer you to paragraph 2 [of Plaintiff's Exhibit No. 63], which you will understand is the composition of the Kravex frame. Is a frame made of that material a plastic frame? A. It is.

Q. And what is the plastic it is made of? A. It is a modified polystyrene plastic, which the modifying agent is a Buna S with a high styrene content.

Q. What is the basis for saying that the polystyrene is modified? A. The statement in the stipulation reads:

'It is composed of a physical mixture consisting of a predominant amount of polystyrene, a minor amount of co-polymer of butadiene and styrene.'

Q. What is the basis for saying the co-polymer is a Buna S with a high styrene content? A. Reading from the stipulation in the same paragraph, it continues:

'The co-polymer consists of butadiene in the range of 58 per cent to 62 per cent by weight and styrene in the range of 38 per cent to 42 per cent by weight' (R. p. 211).

The question of what "Buna S having a high styrene content" means has already been discussed (*supra*, pp. 39-41). Suffice it to say that under the interpretation of the phrase made by appellant's expert the modifying copolymer employed in the composition of appellee's plastic battery hold-down frames to modify polystyrene clearly has a high styrene content.

#### POINT IV

##### **Appellant is entitled to benefit of the doctrine of equivalents.**

Although it is submitted that appellant established clearly that "Buna S having a high styrene content" means a copolymer of butadiene and styrene wherein the styrene content is over 25% so that claim 3 in suit is literally infringed, it is not necessary that this contention be sustained for infringement to be found. The reason is that appellant is entitled to the benefit of equivalents as far as appellee's modifying copolymer is concerned.

Prior to discussing this point in more detail, it is desired to point out that when various Buna S's having different relative percentages of the components thereof are referred to, what is meant is specific substances that either are being or have been synthesized. In other words, the phrase in question refers to known materials and not to purely theoretical combinations of butadiene and styrene totalling 100%. Also, it should be borne in mind that the limitation as to high styrene content in the suit claims and specification is included therein to differentiate the modifying copolymer from standard G.R.S. which would not properly modify polystyrene to give it the qualities required by the inventor. And still further, it is to be emphasized that appellee's copolymer does have a substantially higher styrene content than the standard.

The patentee gave as an example of the type of copolymer he could use one having a styrene content of 70%. But

this was merely an example, and it does not limit Buna S's having a high styrene to those with a styrene content of at least 70% (as in the example) or at least 50% as contended by appellee. Moreover, it also in no way militates against giving the patentee the benefit of an equivalent where a modifying copolymer accomplishing the desired purposes and having a styrene content substantially higher than 25% but not as high as 50 or 70% is employed even if high styrene content be defined as over 50% as contended by appellee.

It is quite clear that the term Buna S having a high styrene content is intended in the claims and specification of the suit patent to refer to a copolymer that will accomplish certain purposes in modifying polystyrene and serves to distinguish such copolymers from those that will not. And the testimony is also clear that the 38 to 42% styrene copolymer employed by appellee as the modifying copolymer accomplishes exactly the same improvement of the mechanical and physical characteristics of polystyrene required by the claim in suit. This was admitted by appellee's expert Stringfield (R. pp. 313-315), and the pertinent testimony by him is set forth in the footnote below.\*

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\* "Q. Let's go back to my question.

You have presented literature going back I believe to '48, at least, showing what you consider a high styrene copolymer being used to modify polystyrene; isn't that true? A. Yes.

Q. And the Bakelite material, which apparently was available in 1952, shows a copolymer of 38 to 42 being used for the same purpose, isn't that true, to improve the qualities of the polystyrene? A. Yes, the Bakelite literature shows, that they used about a 40-42 per cent copolymer as a compounding ingredient in polystyrene in—whatever that early date was.

Q. '52, I believe, is the earliest we have. That is in the stipulation? A. Yes.

Q. That is the same use of the copolymer as the use of the Darex copolymer that is shown in the other literature, isn't that true? A. Yes, that is used in polystyrene for the same purpose.

There is nothing to show whether the percentage used is the same or not, and there are no comparative figures given as to impact resistance. But that copolymer of about 42 per cent styrene is used for the same

Mr. Miller also gave evidence supporting this (R. pp. 211-213), and the Bakelite brochure (Pl's Ex. No. 76) further supports the foregoing.

Another point which is pertinent on the issue of equivalents is that appellee's expert admitted that the line he drew at 50% regarding high styrene content was not a definite one (R. pp. 307-409). Having arrived at an arbitrary standard, he could not say how far below or above 50% one would have to go to get a high or low styrene content Buna S. But that there was some leeway he had to concede. Assuming, therefore, for example, that a butadiene-styrene copolymer having a styrene content of about 50% comes within Stringfield's definition of a Buna S with a high styrene content, the question arises as to whether appellant is to be denied relief because appellant's modifying copolymer is eight percentage points less in styrene content than the arbitrary yet not definite figure of 50%, *bearing in mind that this eight percentage difference, as already pointed out, does not affect the ability of the modifying copolymer to do exactly what the patent specifies and claims as to modifying polystyrene.*

It must further be borne in mind that the suit patent does not purport to be for a highly technical and complex subject in the field of chemistry in which every percentage point is critical but relates to a practical everyday article,

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purpose as the earlier copolymers of 70 to 85 per cent polystyrene were used, but is a later development.

Q. These two copolymers, one in the 70's, and one in the high 30's and low 40's, are used for the same purpose— A. To make high impact polystyrene.

Q. And they both are substantially higher than standard GR-S, the 25 per cent copolymer, that is not shown used for that purpose, isn't that true? A. That is right" (R. pp. 313-314).

"Q. Whether you call them [the butadiene-styrene modifying copolymers] resins or rubbers, they are both used for the same purposes as far as modifying polystyrene?

\* \* \* \* \*

The Witness: Yes, in the plastics industry they are both used for the same purpose" (R. p. 315).

so that small differences of percentages are not of the essence in this case. It is believed the equivalence of appellee's plastic is readily apparent even from the testimony of appellee's own expert.

There is no file wrapper estoppel whatsoever against giving appellant the equivalent contended for. Concededly, the patentee gave up the right to claim frames made of *any* plastic, but this is far from being estopped from obtaining an equivalent as to the particular type of plastic actually claimed, i.e., polystyrene modified by a butadiene-styrene copolymer having a high styrene content.

## POINT V

### **The law applicable to the issue of infringement.**

As this Court is well aware, infringement may be literal or by equivalents. Here literal infringement was made out by the testimony of appellant's expert. However, even the testimony of appellee's expert established infringement because of the equivalence of appellee's frame to the patented frame covered by the claim in issue.

The doctrine of equivalents was fairly recently restated in *Graver Tank and Manufacturing Company, Inc. v. Linde Air Products Company*, 336 U. S. 605, 70 S. Ct. 854, 94 L. ed. 1097 (1950). There the Supreme Court clearly stated that the doctrine of equivalents applies to an accused device which performs substantially the same function in substantially the same way to obtain the same result as the claimed device. The Supreme Court further stated that this doctrine operates not only in favor of pioneer or primary inventions but also applies to patents for secondary inventions.

In the instant case the trial court found non-infringement because appellee's modifying copolymer (used to modify the predominant and basic material, polystyrene) was not in its opinion a Buna S having a high styrene con-



tent since there was less than 50% styrene in said copolymer. What the court failed to realize, however, is that appellee's frame in fact nevertheless performs *exactly* (not merely *substantially*) the same function in exactly the same way to obtain exactly the same result as the claimed device. And the court further lost sight of the fact established in the record that appellee's modifying copolymer itself performs exactly the same function in exactly the same manner to obtain exactly the same result as the modifying copolymer for the polystyrene in the suit patent. Appellee's modifying copolymer gives to the polystyrene the same requisite mechanical and physical characteristics without which appellee's plastic frame could not function and could never have seen the light of day on the public market.

Appellee's expert admitted that the modifying copolymer employed in appellee's plastic and believed by him not to have a high styrene content nevertheless does exactly what the modifying copolymer in the patent does and produces the same result (R. pp. 313-315). Thus, appellee's frames are the equivalent of the patented frames, and appellee's modifying copolymer is the equivalent of that disclosed in the patent as far as this case is concerned.

The lower court did not and could not find any file wrapper estopped preventing the granting of an equivalent. The Patent Office cited no art requiring the insertion of the limitation involved on this point or the interpretation thereof contended for by appellee. The limitation is present solely to define what Coleman found would effect the modification he wanted as opposed to what would not. And appellee's specific modifying copolymer was not at all what Coleman was distinguishing from since it did not even exist at the time the limitation was put into the case. In addition, said copolymer has a styrene content much higher than that of standard G. R. S. which is all that Coleman desired to distinguish from in pointing out the invention.



Finally, the claim need not for validity over the art be restricted to the meaning of Buna S having a high styrene content contended for by appellee, so that the granting of the equivalent requested would not render the patent invalid. The patentability of the claim in suit over the art has already been argued at length, *supra*, pp. 31-37, and does not depend in any way whatsoever on a restriction of the phrase being discussed to exactly what appellee claims it means, even if appellee is right as to what the literal meaning of the phrase is.

The following statement in the *Graver* case is of great pertinence herein and applies directly to the instant case:

“What constitutes equivalency must be determined against the context of the patent, the prior art, and the particular circumstances of the case. Equivalence, in the patent law, is not the prisoner of a formula and is not an absolute to be considered in a vacuum. It does not require complete identity for every purpose and in every respect. In determining equivalents, things equal to the same thing may not be equal to each other and, by the same token, things for most purposes different may sometimes be equivalents. Consideration must be given to the purpose for which an ingredient is used in a patent, the qualities it has when combined with the other ingredients, and the function which it is intended to perform” (p. 609 of 336 U. S. and pp. 1102-1103 of 94 L. ed.).

The foregoing principles have been applied in this circuit many times. See, for example, *The Filtex Corporation v. Amen Atiyeh*, 216 F. 2d 443 (C. A. 9, 1954) and *Patterson-Ballagh Corporation v. Moss*, *supra*.

To the effect that an equivalent need not be known at the time of invention, see *Finkelstein v. S. H. Kress Co.*, 113 F. 2d 431 (C. C. A. 2, 1940).

Also, in the case of *Webster v. Speed Corp.*, 158 F. Supp. 472 (D. C., Oregon, 1957), it was held that the doc-

trine of equivalents applies even to narrow patents, and this case was affirmed except for the matter of attorney's fees at 262 F. 2d 482 (C. A. 9, 1959).

It is apparent from the foregoing that appellant's frames have always been made either under the literal terms of the patent claims or under the claims by virtue of the doctrine of equivalents.

### CONCLUSION ON PATENT COUNT

Appellee's supplier deliberately copied appellant's patented plastic battery hold-down frame, employing both the suit patent and an actual sample of appellant's manufacture for this purpose. Having successfully appropriated appellant's invention, appellee and its supplier at the trial leveled every conceivable attack possible against what was obviously desirable enough for them to copy lock, stock and barrel. The cases on patent law are filled with appropriate holdings and conclusions as to the posture of such infringers. A very recent and compelling statement aptly fitting this case occurs in *The Guiberson Corporation v. Equipment Engineers, Inc.*, 252 F. 2d 431 (C. A. 5, 1958) wherein, in reversing a holding of non-infringement and directing an entry of judgment finding the patent valid and infringed, the court stated:

“Finally appellant comes boldly out to take its stand and argue that, though this is a combination patent, the facts surrounding the discovery and use of the invention, including the fact that it filled a great want and need for such a well swab, establish beyond dispute that it constituted a distinctive advance in the art and that it is entitled, therefore, if not to the protection accorded a pioneer patent, certainly to reasonable protection commensurate with the scope of its invention. *Hunt Tool Co. v. Lawrence*, 5 Cir., 242 F. 2d 347 and *Southern Saw Service v. Pittsburgh-Erie Saw Corp.*, 5 Cir., 239 F. 2d 339.

We agree with appellant that this is so. We think this is just another of those cases in which when an answer to a long needed want is found, those who wish to take advantage of it and deprive the inventor of the fruits of his invention unite to vie with each other in pointing out how simple it all was and how little worthwhile" (p. 343).

## THE UNFAIR COMPETITION COUNT

### Argument

**Appellant established that appellee's frames were deliberately copied from appellant's frames as to non-functional shape and color.**

Appellee was advised by appellant prior to the bringing of this suit that the Kravex frames were an infringement of the suit patent as well as being an unfairly competing item. Despite this, appellee continued to sell the accused frames so that it is quite clear that appellee is not an innocent reseller of someone else's goods but on the contrary is a deliberate accomplice in the acts of patent infringement and unfair competition committed by its supplier Kravex. Since appellee is furthering the illegal acts of its supplier which defended this action and gave appellee a bold harmless indemnity against possible harm, the supplier's (Kravex's) conduct and that of its molder (Gary) are relevant in the consideration of the issues of this case.

As the court will observe upon examination of appellant's and appellee's battery hold-down frames, examples of which are Plaintiff's Exhibits Nos. 48 and 42, respectively, the frames of the parties are identical in appearance. Moreover, the testimony of Mr. Ert, an independent unbiased witness was to the effect that at a distance of several feet he could not tell them apart (R. pp. 92-93). Indeed, the court could not tell them apart (R. pp. 93-94).

There are two grounds on which plaintiff should prevail on the unfair competition count. One is that appellee has participated in Kravex's deliberate imitation of appellant's product in order to deceive the public and trade, and under these circumstances relief will be granted regardless of any question of secondary meaning under the doctrine prohibiting palming off of goods. *Haeger Potteries, Inc. v. Gilner Potteries*, 123 F. Supp. 261 (D. C., S. D., Cal., 1954). The other ground is that appellant established secondary meaning in its frames as to color and shape, and appellee regardless of intent has traded on appellant's good will and wrongfully appropriated the same. *Mastercrafters Clock & Radio Co. v. Vacheron & Constantin-Le Coultre Watches, Inc.*, 221 F. 2d 464 (C. A. 2, 1955).

As to the question of functionality, there is not a shred of evidence in the record tending to show that the color of appellant's and appellee's frames is functional. Not only did the appellee's supplier and molder admit that the plastic of which the frames are made comes in all colors, but it is perfectly obvious that the ability of a battery hold-down frame to perform its functions is totally unrelated to its color. Appellant established that it picked red color, which it has always used, to distinguish its frames from the old metal frames which were black or gray (R. pp. 74-75, 139). Appellee's supplier was fully aware of the color of the old metal frames and of appellant's new frames and adopted the identical color as appellant's despite the availability of other colors (R. p. 170, pp. 138-139). The manifestly spurious reason given for this was that red is a good color in the automotive industry. And the woefully weak proof of this, which, however, was accepted by the trial court, consisted merely of a few red items in the automotive trade, i.e., basically one exhibit, Defendant's Ex. E.

As to shape, the appellee itself introduced an exhibit clearly establishing that the shape of the frames is not functional. What is referred to is Defendant's Exhibit D

which is a steel frame covered with plastic which frame is adapted to do mechanically all that appellant's and appellee's frames will do mechanically but which does not look at all like appellee's or appellant's frames. The court is urged to compare Defendant's Exhibit D with Plaintiff's Exhibit No. 48 (one of appellant's frames) for an unanswerable demonstration that appellee's frames could have been molded by appellee's supplier without copying slavishly the shape of appellant's frames and that said shape is not at all functional. (See also Ert's testimony, R. p. 96.)

It is respectfully submitted that no reason for copying the color and shape of appellant's frames can have existed except to deceive the public and the automotive trade into buying appellee's frames in the belief that they were appellant's. The trial court's Findings of Fact Nos. 9 and 11 (R. p. 42) to the effect that there was no evidence of imitation or deception tending to mislead the public or evidence of actual confusion are simply unsupported by the record and are contradicted by the facts established. Apparently, the court based its holding on the theory that since the products are not sold directly to the public no deception could be present. It is respectfully submitted that deception need not be that of the ultimate consumer for unfair competition to be established. In the present case, it is the retailer of the frames, i.e. the gas station owner, and the like, who is deceived when he goes to an automotive supplies store such as the appellee and sees red plastic frames of exactly the same shape and design as appellant's.

As to secondary meaning, the testimony of the witness Ert showed that appellant's frames are frequently displayed out of their containers in places where they may readily be seen and that said witness and customers identify red plastic battery hold-down frames as appellant's and that such frames are asked for as the "red frames" (R. pp. 75-78, 103-104, 121-122). Moreover, the testimony shows clearly that the market in plastic frames was created by



appellant whose red frames were well known in the trade before appellee and its suppliers embarked on their course of illegal conduct (R. pp. 119, 133).

In addition, the evidence established the following facts:

1. Many of appellant's advertising circulars and all of its boxes for its frames pictured said frames in red.
2. Appellant had sold over 3,000,000 frames of that color and shape prior to the appearance of the Kravex frames (R. p. 256).
3. Appellant had used its color and shape exclusively for upwards of six years before appellee came on the market.\*
4. The only plastic battery hold-down frames ever on the market before appellee's were appellant's with their characteristic red color and shape.

Certainly, this evidence in the aggregate sufficed to create a strong presumption of secondary meaning, and the appellee put in no evidence whatsoever to refute such presumption. Indeed, there was actual proof from the trade that pruchasers had come to recognize the red frames as appellant's, and no proof to the contrary. A presumption of secondary meaning by reason of the length of use has been held to exist even without proof from the trade. See *New England Awl & Needle Co. v. Marlborough Awl & Needle Co.*, 168 Mass. 154, 46 N. E. 386, 60 Am. St. Rep. 377 (1897).

Finding of Fact No. 13 (R. p. 43) to the effect that there is nothing in the record to establish secondary meaning is

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\* Kravex had been making plastic frames for four months at the time its deposition through its president Samuel J. Kravex was commenced on August 7, 1957 (R. pp. 127, 130; Plaintiff's Exhibit No. 61 for Identification). So the Kravex frames first appeared in April, 1957. Appellant went into production in June, 1951 (R. pp. 252-254; Plaintiff's Exhibit No. 30). Thus the appellant's frames had been on the market for about six years before the Kravex frames came out.



contrary to the evidence; the court erred in not finding secondary meaning as to color and shape of appellant's battery hold-down frames.

The court also stated that the appellee could not appropriate the color red in the absence of any imitative deceptive device tending to deceive or to mislead the trade or public (Opinion, R. p. 17)—meaning that the presence of such a device was not proved. But it was proved that there *was* an imitative deceptive device associated with the product, namely, the particular shape.

The court did not recognize the foregoing as shown by several statements in its opinion. Thus, the court states (R. p. 17) that the size of the frames of the parties necessarily has to be similar; appellant, however, did not contend that the *size* of its frames had been imitated, it was the *shape* and *color* which appellant contended and proved had been slavishly copied. And the court held (R. p. 18) that the frames of the parties are not displayed in such a manner when offered for sale that anyone could see them out of their cartons and that the cartons are necessarily similar in size. This is directly contradicted by the unchallenged testimony to the effect that the frames are displayed out of their cartons and where they can be seen by prospective purchasers (R. pp. 76, 78).

It is believed that the well-known case of *Ross-Whitney Corp. v. Smith, Kline & French Laboratories*, 207 F. 2d 190 (C. A. 9, 1953) is clear authority for sustaining the unfair competition count under the facts proved herein. See also *Norwich Pharmacal Co. v. Sterling*, 167 F. Supp. 427 (D. C., N. D., N. Y., 1958); and *The W. E. Bassett Company v. The H. C. Cook Company*, 156 F. Supp. 209 (D. C., Conn., 1957). These cases are directly in point as to color and shape.

## CONCLUSION

The judgment appealed from should be reversed and the complaint should be sustained as to both counts and an injunction issued and an accounting for damages and profits awarded appellant. Also, the counterclaim should be ordered dismissed.

Dated: Los Angeles, California  
July 17, 1959

Respectfully submitted,

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## APPENDIX CONSISTING OF TABLE OF EXHIBITS REFERRED TO IN APPELLANT'S OPENING BRIEF

Plaintiff's Exhibit No.	Page of Record Identified*	Page of Record Offered*	Page of Record Received*
2	4**	20**	20-21**
29	4**	86**	86**
30	4**	317**	317**
42	4**	93	93
48	4**	80	80
54	65	69	69
55	65	69	69
56	67	69	69
57	67	69	69
58	68	69	69
61 for Ident.	127	(Not Offered)	
63	209**	209**	209**
69	195	218	218
70	195	218	218
71	195	218	218
72	195	218	218
76	213	218	218
82	421	556**	559**
83	421	556**	559**
84	421	556**	559**
85	421	556**	559**
86	410	547**	551**
Defendant's Exhibit			
A	11**	295	295
D	43**	83	83
E	88	97**	97**
M	300**	294	294
T	287	288	288

\* Unless otherwise indicated, reference is to page of Record on Appeal.

\*\* Page number in upper right hand corner of original stenographic transcript.



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# UNITED STATES COURT OF APPEALS

FOR THE NINTH CIRCUIT

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No. 16168

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VAN BRODE MILLING Co., INC.,

Appellant,

—against—

COX AIR GAUGE SYSTEM, INCORPORATED,

Appellee.

---

APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE  
SOUTHERN DISTRICT OF CALIFORNIA, CENTRAL DIVISION.

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## APPELLEE'S BRIEF

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FILED

NOV - 2 1959

PAUL P. O'BRIEN, CLERK





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# UNITED STATES COURT OF APPEALS

FOR THE NINTH CIRCUIT

No. 16168

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VAN BRODE MILLING Co., INC.,

Appellant,

—against—

COX AIR GAUGE SYSTEM, INCORPORATED,

Appellee.

---

## APPELLEE'S BRIEF

This is an action brought by appellant against appellee for patent infringement of United States Letters Patent No. 2,710,660, and for unfair competition. The appellant claims that a battery hold down frame sold by appellee and supplied to it by Kravex Manufacturing Corp. of Brooklyn, infringes Claim 3 of the suit patent. The appellant also claims that the red color of the battery frame which it manufactures has attained secondary meaning in the automotive industry and that appellee engages in unfair competition, because its frame is of a similar color.

## STATEMENT OF THE CASE

This matter reaches this Court as an appeal by the appellant (plaintiff below) from a judgment and decree dismissing appellant's complaint for patent infringement, and declaring not only that the appellee's (defendant below) device did not infringe appellant's patent but also that appellant's patent was invalid in its entirety. In dismissing the complaint the District Court also found that there was no unfair competition.



The Court below was correct and it is submitted that the appellant cannot prevail on this appeal because the evidence fully supports the findings, conclusion, and decision of the trial court.

The evidence shows: First, there is no infringement. The suit patent covers a battery hold down frame made of polystyrene modified by a copolymer of butadiene and styrene, with the copolymer (as loosely specified in the patent) having a "*high styrene content*". The appellee's frame is also made of polystyrene modified by a copolymer of butadiene and styrene. However, here the similarity ends. The range of styrene content in the copolymer of the appellee's frame is between 38% and 42% and cannot be construed to come within the definition of *high styrene content* which the inventor defined as a majority, or over 50% (although the suit patent gives no quantitative definition).

Secondly, on various grounds which will be discussed hereinbelow, the appellant's suit patent is actually invalid and the declaration of invalidity was proper.

Lastly, appellant's claim for secondary meaning in the trade for a "*red*" plastic battery frame is absurd. Appellant was unable to sustain this claim in the lower Court. There was no error in the dismissal of appellant's complaint.

### HISTORY OF THE SUIT PATENT

The application for the suit patent was filed by Sidney Coleman on December 10, 1951, and specified a frame made of polystyrene which was modified by adding a copolymer, such as "Darex copolymer No. 3", produced by Dewey & Almy Chemical Company, and an added inorganic filler (R. p. 445).<sup>\*</sup> The specification gave no proportions of ingredients, no molding instructions, and no further data con-

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<sup>\*</sup> (Printed Transcript of Record unless otherwise specified.)

cerning the manufacture of the composition of the frames. Moreover, it broadly states that any plastic material will do if it has the properties of the modified polystyrene (R. p. 446).

Original Claim 1 claimed a one piece open battery hold-down frame formed of plastic material comprising sides, ends connecting the sides, and "diagonal clamping members" at the corners of the frame, said frame having strength, toughness, and flexibility. Original Claim 2 claimed the frame described in Claim 1, "including lugs for engagement with means which force said clamping members into engagement with the battery top" (Pltf.'s Ex. 2, p. 6, R. p. 19).

The claims were rejected on September 5, 1952 on the basis of prior art patents to Mabey, Heitshn and Leuvelink (R. pp. 446, 447), and finally rejected on July 2, 1953 (R. pp. 448-450). The examiner found that the provision of diagonal clamping members in an integral frame, was found in the prior art, and did not amount to invention (R. p. 447). He also found that the selection of a specific plastic from among many compounds available on the market, in order to secure one which is judged best for particular service, is an every day practice in the field of plastics and is not considered a basis for patentability (R. p. 449).

Applicant appealed from this final rejection. The Board of Appeals of the Patent Office made its decision on March 16, 1955. The examiner's rejection of the original Claims 1 and 2 as unpatentable over the prior art was affirmed. The Board stated "Leuvelink clearly discloses the use of a hold-down device made of plastic material and there would certainly be no invention in making the hold-down clamp of Mabey out of plastic material, if desired" (R. p. 453). However, the Board said that it would not be obvious from the patent to Leuvelink "to select a plastic which would possess the required strength and toughness and still have enough flexibility to prevent breakage of the battery top when the hold-down devices were clamped in position" (R. p. 453).

The most significant portion of the Board's opinion is contained in a new ground of rejection in which they stated as follows:

"The appealed claims are also considered to be unpatentable in that they are broader than the disclosure. The specification points out that ordinary polystyrene cannot be used and it is only when a copolymer identified as '*Darex copolymer No. 3*' and an inorganic filler, such as clay, are added that a product results with the desirable characteristics. It seems clear that experimentation would be necessary in order to ascertain the desirability of using other plastic materials since the record does not disclose any other material which could be used successfully as a substitute for appellant's one example of a modified polystyrene. This being so, appellant's claims which are drawn broadly to the entire class of plastic materials are obviously broader than the disclosure." (R. p. 454) (Italics supplied.)

After the decision of the Board of Appeals, the applicant submitted amendments to the specification and claims and asked the primary examiner to reconsider the case. At this time applicant filed a Technical Bulletin of May 1949, of the Dewey & Almy Chemical Company which described "Darex Copolymer No. 3. (This technical bulletin is a part of the suit patent file wrapper, Pltff.'s Ex. 2, pp. 61-64; and was also in evidence as Deft.'s Ex. J, which is printed on pages 513-516 of the Transcript of Record.) The Dewey & Almy technical bulletin defines "Darex Copolymer No. 3 (as) an elastic type of synthetic rubber resin made by copolymerizing butadiene and styrene to produce a Buna S with a high styrene content" (R. p. 513). The specification of the suit patent was amended to contain this definition (R. pp. 456, 458).

However, although the technical bulletin shows the styrene content of Darex copolymer No. 3 as 70% (R. p. 516) neither the specification nor the claims were amended to reflect or contain this.

Original Claims 1 and 2 were cancelled. The four new claims became Claims 1, 2, 3 and 4 of the suit patent. New Claim 1 was substantially identical to original Claim 1 except that it contained the following new phrase, "the plastic material of which said frame is formed comprising polystyrene the mechanical and physical properties of which have been modified by the addition of a Buna S with a high styrene content" (R. p. 456).

New Claim 2 added an inorganic filler to the frame claimed in Claim 1 (R. p. 457).

New Claim 3, however, while defining the copolymer "with a high styrene content" *was made much broader than the original claims by leaving out the side and end structure of the frame joined by the "diagonal clamping members"* (R. p. 457). The only structure left in the claim, aside from the part loosely defining the plastic material reads as follows:

"3. A one piece battery hold-down frame formed of plastic material and including elements bearing against the sides and top of the battery, \* \* \*"  
(balance of claim defines the plastic and properties).

New Claim 4 merely redefines Claim 3 with the addition of an inorganic filler (R. p. 457).

Thus, Claim 3 which leaves out the clamping members, actually describes a frame, or cover, made of plastic material (with a copolymer of a high styrene content) which fits over the sides and top of a battery. No specific type or structure of frame is described.

It is submitted that these four claims are still far too broad and invalid since they fail to limit the composition of

the plastic material to a polystyrene modified by a copolymer of butadiene and styrene *with a styrene content of 70% and an added organic filler*. (The Board of Appeals noted that the disclosure was limited to Darex copolymer No. 3 plus an inorganic filler, since this was the only example given.)

The patent specification says the Darex No. 3 is added to improve "strength, toughness, and flexibility" (R. p. 443, Column 2, Lines 54-56) *and the organic filler, such as clay, is added to provide "sufficient elasticity to yield under pressure"* (R. p. 443, Column 2, Lines 57-61). These were the qualities desired by the "inventor".

In accordance with the decision of the Board any claim which did not contain both limitations, the copolymer with a specific styrene content of 70%, and an inorganic filler; would be broader than the disclosure. The new claims were never approved by the Board of Appeals, they were not limited to the disclosure, Claims 3 and 4 were further broadened by leaving out the diagonal clamping elements.

It is therefore submitted that on the basis of the file wrapper alone the claims are invalid.

## THE ACCUSED FRAMES

Appellee's frames are supplied by the Kravex Manufacturing Corp. of Brooklyn, New York, which company hereinafter will be referred to as "Kravex". The frames are manufactured for Kravex by Gary Enterprises Inc. of Brooklyn, New York, hereinafter referred to as "Gary" (R. pp. 461, 462).

Prior to engaging in distribution of plastic battery hold-down frames, Kravex caused a search to be made in the United States Patent Office with particular reference to appellant's suit patent No. 2,710,660. As a result of this search Kravex advised Gary to avoid infringement of the patent. A discussion was had with the supplier, The Bakelite Company, and a non-infringing material was selected (R. pp. 139-141, 170-172, 511-516, 521).

The file wrapper showed that the appellant's claims covered a product modified by copolymer of butadiene and styrene with a high styrene content; the specific example given was 70%.

The choice of material (Bakelite TMD 2155) was made on the basis of avoiding infringement of the suit patent (R. p. 172). The styrene content in the copolymer of the Bakelite material is in the range of 38% to 42 % (R. pp. 461, 462), *a low styrene content*.

Furthermore, the accused frames do not have the diagonal clamping members which were considered so important to the applicant for the suit patent as to have been included in the structure of both of the original claims. These diagonal clamping members remained in the only claims under consideration by the Patent Office from the date of filing in December 1951 until April 1955, but are missing in Claim 3 upon which appellant relies.



## ARGUMENT

## POINT I

## INFRINGEMENT

## (A)

Appellants failed to sustain the burden of proving infringement in the Court below. The trial court's findings of non-infringement were correct.

This Court held in *Patterson-Ballagh Corp. v. Moss*, 201 F. 2d 403 (C. A. 9, 1953) at page 407:

"Infringement is a question of fact. See *Stilz v. United States*, 1925, 269 U. S. 144, 147, 46 S. Ct. 37, 70 L. Ed. 202; *United States v. Societe Anonyme des Anciens Etablissements Cail*, 1912, 224 U. S. 309, 322, 32 S. Ct. 479, 56 L. Ed. 778. The trial court resolved the question in favor of appellees. This determination is not clearly erroneous within the meaning of Fed. R. Civ. P. 52(a), 28 U. S. C. A."

It was readily apparent to the Trial Court that there was no infringement of the suit patent. The finding of non-infringement was a finding of fact based on the evidence. It is submitted that it was correct, and there was no error. Certainly, it was not *clearly erroneous*.

The findings were made on the following facts:

The composition of appellee's battery frame was established by stipulation as being made of a molding powder manufactured by Bakelite Company, and known as TMD 2155 (the same product was formerly put out by Bakelite as BMSQ 155 and in reference to this product the designation TMD 2155 includes the prior nomenclature) (R. pp. 461-463).

It was also established by stipulation that appellee's battery hold down frames comprised a physical mixture consisting of a predominant amount of polystyrene, a minor amount of copolymer of butadiene and styrene, and a small amount of pigment to produce the color of the frame; the mentioned copolymer consisting of butadiene in the range of 58% to 62% by weight, and styrene in the range of 38% to 42% by weight (R. pp. 461-462). Thus, the facts as to composition of the accused frames are not at issue.

Claim 3 of the suit patent on which the appellant relied contains the following limitation:

“ \* \* \* the plastic material of which said frame is formed comprising polystyrene, the mechanical and physical properties of which have been modified by the addition of a Buna S with a high styrene content, \* \* \*.”

Assuming, *arguendo*, that all portions of Claim 3, with the exception of the limiting phrase “Buna S with a high styrene content” read on the appellee's frames, the question of infringement turns on whether or not the accused devices do, in fact, have as a component a copolymer of a Buna S *with a high styrene content*. The Court below found in Finding of Fact No. 44 (R. p. 52) that the appellee's frames were made of polystyrene and a copolymer with a low styrene content. It follows that there is no infringement (as was found in Conclusion of Law No. 11, R. p. 56).

Appellant makes Specification of Error No. 14 to the Trial Court's Finding of Fact No. 44, with the argument that high styrene content means a content higher than 25%, the styrene content in Standard G R-S employed as a general, all-purpose substitute for rubber (Aplt.'s Br., p. 9). Appellant also makes Specification of Errors No. 27, to Conclusion of Law No. 11, that the accused frames do not infringe the suit patent (Aplt.'s Br., p. 12).

It is submitted that G R-S, which is nowhere mentioned in the specification or claims of the suit patent, is not a standard for styrene content, nor does it, in any event, relate to the term "a Buna S with a high styrene content". The Trial Court, having before it evidence of a proper range of styrene content; from below 50%—a low content, to above 50%—a high content (R. p. 287) properly found that the accused devices had a copolymer with a low styrene content.

The question of infringement hinges on the interpretation and meaning to be accorded to the claim of the suit patent, which it is submitted is most indefinite.

It is well settled that the burden of proving infringement is on the patent owner. This burden requires appellant to prove that the accused devices come within the claim of the suit patent. There is no clear antecedent in either the specification or the claims of the suit patent supplying a basis or standard for the term "high styrene content". Yet the entire question of infringement hinges upon the meaning of the term.

The appellant produced Mr. Isadore Miller as an expert witness to establish that the term "high styrene content" was well known in the art in referring to a copolymer of butadiene and styrene, to mean more than 25% styrene in the copolymer. Mr. Miller attempted to do this by establishing a standard content of 75% butadiene and 25% styrene for the copolymer. It would follow, according to his testimony, that a copolymer with a content of more than 25% styrene would be a copolymer with a "high styrene content".

Mr. Miller came to his conclusion by defining the "Buna S" of the patent claim as the general class name given to copolymers which are used as synthetic rubbers (R. p. 193). He then defined the term G R-S as the designation of "Government Rubber Styrene" (R. p. 194), which is a butadiene styrene copolymer made from approximately 75% of butadiene and 25% of styrene (R. p. 195). Mr. Miller then

arbitrarily took his G R-S (75% butadiene and 25% styrene) as the standard form of copolymer of butadiene and styrene and flatly stated that any Buna S with styrene content over 25% was a high styrene content copolymer (R. pp. 195-211).

On the other hand, the appellee's expert, Prof. R. B. Stringfield, testified that the range of butadiene and styrene in the copolymers under discussion varied from a high butadiene *low styrene* content (99% butadiene-1% styrene) to a low butadiene *high styrene* content (1% butadiene-99% styrene) (R. pp. 284, 285). He testified further that the range below 50% styrene would be a *low styrene content* copolymer, and that the range above 50% styrene would be a *high styrene content* copolymer (R. p. 287).

On cross-examination, the appellant's expert, Mr. Miller admitted that he knew of a Buna S with a high styrene content—as high as 85% (R. p. 219). He also defined Dewey & Almy Darex No. 3, a copolymer with styrene content of 70%, as another high styrene Buna S (R. p. 219) (Darex No. 3 is the only example mentioned in the suit patent). Although he asserted that the terms G R-S and Buna S are used interchangeably (R. p. 223), he later conceded that he knew of no G R-S with a styrene content higher than 50% (R. p. 240).

On direct examination, Mr. Miller quoted from several publications concerning G R-S rubbers, to show that his G R-S rubber was a standard for the entire range of styrene butadiene copolymers (which are loosely defined as a Buna S in the suit patent and not as G R-S rubbers).

However, he could not point to any publication which gave a standard G R-S as a standard for all high or low styrene copolymers, and it became apparent that he was voicing his own personal opinion rather than a proper evaluation of what was understood by men skilled in the art. Counsel had asked him on cross-examination whether there

was a publication promulgating such a standard, and the following ensued:

"Q. Well, now, I wanted to know if you knew of a publication that set that forth in just that way, that the standard for GR-S sets the standard for what is high styrene and low styrene copolymers. A. I cannot give you any publication.

Q. There is no such publication that you know of, is there? A. I cannot give you any such publication.

The Court: So your statement is based upon your own opinion of the known practices in the industry, is that correct?

The Witness: That is correct, your Honor."  
(R. pp. 242, 243).

Mr. Miller's entire hypothesis was invalid because, as he stated it was based on his own opinion, and further cross-examination revealed that his opinion did not jibe with the published literature; *which he nevertheless agreed with.*

He was shown an article entitled "Impact Resistant Resin-Rubber Blends" by H. Sell and R. J. McCutcheon of the Chemical Products Division, Goodyear Tire and Rubber Co., which was published in the October 1948 issue of the *India Rubber World*, a trade journal (R. pp. 243, 244; Deft.'s Ex. L). *India Rubber World* is a standard publication of the rubber industry (R. p. 243). The article stated in substance that since 1946 "high styrene copolymer resins" ranging from 70% to under 95% styrene were used as reinforcing and hardening agents for stocks of natural rubber, G R-S, and other synthetic materials, and had gained wide acceptance. Mr. Miller admitted the correctness of the statements in this 1948 publication and conceded that the range of 70% to 95% styrene was much higher than the range of styrene content in G R-S (R. p. 244).



A copy of Whitby, *Synthetic Rubber*, published by John Wiley & Sons, Inc., New York, in 1954, was also shown to Mr. Miller during his cross-examination, and he agreed that it was a standard work (R. p. 227). This volume at pages 629 and 630 under the subheading "High Styrene Resins" mentions that the first description of a commercially available styrene butadiene resin, Pliolite S-3, was published in 1946, and that descriptions of other "high styrene resins" were subsequently made thereafter. Mr. Miller agreed that Pliolite S-3 had an 85% styrene content, and that it was the first such product to become commercially available, and that it became available in the year 1946 (R. pp. 227, 228). He said that Pliolite S-3 was a Buna S with a high styrene content and was an equivalent of Darex No. 3 (R. pp. 229).

Whitby also showed, and this was agreed to by Mr. Miller, a listing of high styrene copolymers on page 644 entitled "Table 11, High Styrene Resins". There are some ten or fifteen resins listed on the mentioned page ranging from the lowest styrene content of 60% to the highest styrene content of 85%. Mr. Miller found Darex No. 3 (styrene content 70%) listed on the table of this 1954 publication along with Darex X-34 (styrene content 85%) (R. pp. 244-246). He admitted that Bakelite TMD 2155 (styrene content 38% to 42%) was on the market in 1954 and had been on the market since 1952, but that *it was not* listed with the "high styrene resins" shown on the table at page 644 of Whitby (R. pp. 245, 246).

Mr. Miller stated that 75-25 percent is a standard for all-purpose rubber in the rubber industry, but admitted there is *no standard in the plastic industry* (R. p. 226).\*

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\*(By Mr. Halle):

Q. There is no standard in the plastics industry, is there? A. There is no standard for rubber, because rubber does not exist except as an aid to the plastics industry. But rubber is not in the plastics industry.



A further discrepancy in Mr. Miller's testimony was his insistence that the use of the terms G R-S and Buna S were synonymous (R. p. 223), yet he was just as definite that he knew of no G R-S of over 50% styrene, and that there are Buna S's in existence having well over 50% styrene (R. pp. 249, 250).

On the basis of this contradictory and confusing testimony from appellant's expert. It is no wonder that the Court chose the definition for high styrene content, stated by Mr. Stringfield (which the appellant's "inventor" agreed with) as meaning something over 50%.\*

In all 79 pages of appellant's brief, there is no argument to discredit Mr. Stringfield's testimony (with the possible exception that he was disputed by Mr. Miller). Mr. Stringfield pointed out that it was most unrealistic to pick G R-S as a standard for the entire range of butadiene styrene copolymers. G R-S is nothing but a general purpose synthetic rubber and does not bear any particular significance to the uses for which the high styrene copolymers were introduced (R. pp. 312, 313).

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Q. I see. When we are using polystyrene modified by a co-polymer of a Buna S are we in the plastics industry or are we in the rubber industry? A. We are in the plastics industry.

Q. What is the standard in the plastics industry? A. We have no standard (R. p. 226).

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\*Q. Professor, would you state the range of styrene content in a high styrene butadiene-styrene copolymer? A. I would consider that from 50 per cent up would be a high styrene butadiene copolymer, and from 50 per cent down would be a rubbery styrene copolymer, because of the fact that while there is no sharp break-off point there, the materials in the 40 to 50 percent range have been used as rubbers, and I do not know of any such use in the ranges above that.

Q. Would you classify the range below 50 percent as a low styrene content copolymer? A. Yes, sir, I think that would be correct.

Q. And above 50 percent as a high styrene content? A. Yes, sir, I think that would be correct (R. p. 287).

It is submitted that the above analysis of the testimony of the experts and some of the documentary evidence, clearly shows that there was more than sufficient evidence in the Record for the Trial Court to find (without clear error) that high styrene content, which was never defined in the suit patent specification and claims, could only mean higher than 50% and that, therefore, there was no infringement. It is further submitted that there was no evidence entitled to weight upon which the Trial Court could have come to any other conclusion.

Rule 52(a) of the Federal Rules of Civil Procedure, entitled "Findings By The Court," reads in pertinent part:

"\* \* \* Findings of fact shall not be set aside unless clearly erroneous, and due regard shall be given to the opportunity of the trial court to judge of the credibility of the witnesses \* \* \*."

The factual finding that the accused devices do not infringe Claim 3 of the suit patent as construed by the Trial Court, should not be disturbed by this Court unless clearly erroneous. (*Moon v. Cabot Shops, Inc.*, 123 U. S. P. Q., 60, 64 [C. A. 9, 1959], citing *Graver Mfg. Co. v. Linde Co.*, 339 U. S. 605, 610, 70 S. Ct. 854, 94 L. Ed. 1097; *Patterson-Ballagh Corp. v. Moss, supra.*) There was no error.

## (B)

### **The testimony of Coleman as to high styrene content.**

The inventor, Coleman, testified that the term "high styrene content" meant more than 50% styrene. He gave the following answers to the following questions when his deposition was taken by appellee on January 31, 1958:

"Q. Mr. Coleman, do you know what the term high-styrene content means in reference to a butadiene-

styrene copolymer? A. I believe I do. It means that there is lots of styrene in the majority of the material—the majority of the material contains styrene.

Q. When you say majority, would you mean more than 50%? A. This would be what I think is so.

Q. In other words—— A. I have nothing to substantiate. This is just my pure thinking on the thing.

Q. In other words your pure thinking on the thing, is that right? A. Yes.

Q. Indicated that a high-styrene content—— A. Means more than 50%.

Q. More than 50% styrene? A. Right.” (R. pp. 381, 382).

Appellant makes a point in its brief at pages 61 and 62, that the patent owner is not bound by the inventor’s statement and cites several cases. None of the cases cited by the appellant is in point.

It is well settled, as the Trial Court states (R. p. 21), and as appellant’s cases hold, that an inventor need not understand the nature of the physical or chemical change involved in his process nor need he know the scientific theory involved. In the case at bar, Coleman was not called upon to explain what happened in the manufacture of his frame—he was merely called upon to explain what the main element of definition in all his claims meant. This is not a process nor a scientific theory; it is a plain statement of fact or definition in a patent claim which by law must be so clear and concise in claiming the invention that anyone skilled in the art can readily understand what it means (*Halliburton Co. v. Walker*, 329 U. S. 1, 13, 91 L. Ed. 3, 11). Thus, when the inventor says that he believes high styrene content to mean over 50%, this is a fact in evidence upon which the Court can make its fact findings as to infringement.

In *Helene Curtis Industries v. Sales Affiliates*, 233 F. 2d 148 (C. A. 2, 1956), Judge Hincks stated at page 160:

“We think the *facts* that the applicant himself and the defendant’s expert witness were in disagreement as to the meaning of the limits of the claims as stated, and *that there were several commercial compositions falling within the peripheral area of uncertainty, were significant.*” (Italics supplied.)

The same was true in the case at bar!

### (C)

**The appellant cannot broaden its claim 3 by the doctrine of equivalents.**

Appellant argues, at pp. 67 through 69 of its brief, that it is entitled to the benefit of a “doctrine of equivalents”, and states specifically at page 68:

“It is quite clear that the term Buna S having a high styrene content is intended in the claim and specification of the suit patent to refer to a copolymer that will accomplish certain purposes in modifying polystyrene and serves to distinguish such copolymers from those that will not.”

The appellant’s statement is somewhat confusing. The claim of the suit patent is so broad that it is not necessary to rely on a doctrine of equivalents to cover a substance or composition which comes within the claimed definition of a copolymer “with a high styrene content”. If it is such a substance “with a high styrene content”, then of course it comes within the claim. However, if it is a substance with a *low* styrene content, then it most certainly does not come within the claim.

What the appellant is asking this Court to believe is that polystyrene modified with a copolymer of butadiene and styrene with a low styrene content is the equivalent of polystyrene modified by a copolymer of butadiene and styrene with a high styrene content. This, of course, is absurd.

In construing the claims of the suit patent, the common English words "low" and "high" cannot be equivalents. Nothing could be more different and opposite from "high" than "low", or vice versa. It is wishful thinking on appellant's part to believe that any plastic composition made of polystyrene modified by a copolymer of butadiene and styrene which has the functional qualities expressed as desirable in the suit patent comes within Claim 3.

Furthermore, the appellant is prevented from claiming "equivalents" through the operation of the rule of "file wrapper estoppel". The limitation "high styrene content" was placed in the claims to obviate a rejection for broadness by the Board of Appeals. The appellant cannot now seek to broaden the meaning of this express limitation to include a plastic material which does not come within the definition "high styrene content". "File wrapper estoppel" bars recourse to the doctrine of equivalents in cases where the patentee attempts to secure through equivalents what has been rejected by the Patent Office. It prevents application of the doctrine of equivalents to recapture coverage which the patentee has surrendered by amendment whether or not the prior art required the amendment, (*Carter Products, Inc. v. Colgate-Palmolive Co.*, 164 F. Supp. 503, 518, [D. C. Maryland, 1958]).

In the leading case of *Exhibit Supply Co. v. Ace Patents Corp.*, 315 U. S. 126, 136-137, 62 S. Ct. 513, 518, 86 L. Ed. 736 (1942), Chief Justice Stone of the Supreme Court stated in referring to an amendment designed to narrow a claim in order to meet objections in the Patent Office as to broadness, "By the amendment, he recognized and empha-

sized the difference between the two phrases and proclaimed his abandonment of all that is embraced in that difference”.

Thus, a patentee who, in order to avoid a rejection of his application, inserts limitations in his claim is estopped from contending that the patent as issued should be construed as if such limitations had not been made, (*Westinghouse Electric & Mfg. Co. v. Conduit Electrical Mfg. Co.*, 194 F. 427, 430, [C. A. 2, 1911], cited with approval by this Court in *Bergman v. Aluminum Lock Shingle Corp. of America*, 251 F. 2d 801, 804, [C. A. 9, 1957]).

## POINT II

### VALIDITY

#### (A)

#### **Presumptions and burden of proof.**

The Trial Court found all the claims of appellant's patent invalid. This Court has consistently held that the question of validity of a claim of a patent is one of fact, (*Stauffer v. Slenderella Systems of California, Inc.*, 254 F. 2d 127, [C. A. 9, 1957] and cases cited in the margin under footnote 1). In the *Stauffer* case, *supra*, this Court stated very clearly, “The findings of a judge upon novelty, utility and invention are entitled to great weight when made after trial of these issues. This Court will respect such findings unless the record shows these to be “clearly erroneous”.

The appellant relies heavily on the presumption of validity which attaches to an issued patent, and asserts that this presumption is strengthened by lengthy consideration in the Patent Office, and the review by the Board of Appeals.

It is submitted that the evidence was so clear and overwhelmingly in favor of invalidity that the appellee's burden of proof was clearly established and the Trial Court's



findings of invalidity were not clearly erroneous but, rather, patently correct. It is submitted that reliance on presumptions and rules of law, as cited in appellant's brief, are ineffectual to disturb what the evidence established. There was never any reasonable doubt concerning the validity of the suit patent which could have been resolved in appellant's favor.

Let us analyze the meaning of the presumption. This Court has held that the presumption of validity necessarily arises from the expertness of the administrative agency issuing the patent (*Massa v. Jiffy Products Co., Inc.*, 240 F. 2d 702, 706 [C. A. 9, 1957]; *Patterson-Ballagh Corp. v. Moss*, *supra*, at p. 406). The file wrapper history of the suit patent shows that the primary examiner approved the claims without adequate regard for the meaning and mandate of the decision of the Board of Appeals, and without making a further search in the plastic arts. Thus, the Patent Examiner permitted the patent to issue with broad claims which did not specify the particular plastic material disclosed in the specification. It is submitted that for this reason alone, the presumption of validity must fall.

A long history of trouble and controversy in the Patent Office does not necessarily always result in a strengthening of the presumption of validity. The fact that many years are required to persuade the Patent Office to allow the claims indicate more often, than not, doubt as to validity and clearly weaken the presumption (*Hoover Co. v. Mitchell Mfg. Co.*, 122 U. S. P. Q. 314, 317, [C. A. 7, 1959]). Although appellant emphasizes in its brief (p. 45) that the application included a review by the Board of Appeals, it is clear that the Board of Appeals did not pass on the final claims and appellant cannot, therefore, rely on this factor in connection with presumption of validity.

## (B)

**The History of the Alleged Invention.**

High impact plastics were first introduced commercially in 1946, and the concept of modifying brittle polystyrene with a copolymer of butadiene and styrene to produce a molded product having great strength was established long before Coleman. This is readily conceded by appellant. It is stated on page 21 of appellant's brief, as follows:

*"It is to be emphasized that Coleman does not claim to have originated either battery hold-down frames or a new plastic. What he did invent and does claim is a plastic battery hold-down frame made of a particular type of plastic material suitable for his purposes."*

The December 1948 issue of *Modern Plastics* magazine contains an article on "Molding High Styrene Resins" on page 190 (R. p. 293; Deft.'s Ex. M). The article quoted from a letter received from the Dewey & Almy Chemical Company and signed by K. M. Fox, Organic Chemicals Division. Mr. Fox's letter, which was published in the magazine, stated that Dewey & Almy used Darex copolymer X-34 (styrene content 85%) as an extender and plasticizer for polystyrene in order to make the latter material useful in applications where ordinarily it would be too brittle, and that the X-34 greatly improved the impact strength (R. p. 294). The Dewey & Almy technical bulletin on Darex copolymer No. 3 (R. pp. 513-516) was published in May, 1949, and appellant concedes in the suit patent file wrapper that it received "wide distribution throughout the United States, thereby forming part of the published literature on the subject \* \* \*" (R. p. 458). This bulletin explained the properties of Darex copolymer No. 3, its styrene content, and also listed "commercial application and suggested uses" which included "automotive molded parts,

battery boxes, electrical molded parts, and plastic molded parts" (R. p. 516).

The 1950 edition of *Modern Plastics Encyclopedia Handbook*, which was published on or about June, 1950, contained an article entitled, "Styrene Polymers and Copolymers" (R. p. 288; Deft.'s Ex. T). Page 754 of the mentioned publication announced that a new styrene-base copolymer was announced during 1949 which offered impact strength plus excellent stability, and particularly noted its resistance to *battery acids* and gasolines. The article stated that initial applications of the material included *battery cases* and parts as well as housings for business machines. The same article also stated that a high styrene butadiene copolymer has been blended with polystyrene to give tough, fairly transparent blends. The copolymers mentioned in the article were Darex copolymer No. 3 (70% styrene) and Darex copolymer X-34 (85% styrene) (R. p. 289). This publication is a standard reference work in the plastics industry (R. p. 289).

Augustine L. Colarusso, the Vice-President in charge of research and development of the appellant (R. p. 341), testified that new developments in plastic powders are usually submitted to his company for evaluation and possible application to the company's products (R. p. 351). Prior to October 15, 1951 the appellant received samples of various copolymers of the Dewey & Almy Company together with technical bulletins for Darex No. 3 and Darex copolymer X-34, as well as Darex copolymer X-43 (R. pp. 354, 355). It was during the year 1951 that Sidney Coleman claims to have conceived the alleged invention of the suit patent. Appellant concedes that Coleman neither invented the frame nor the plastic material. What then did he invent? Nothing. He never even learned how to mix polystyrene with Darex copolymer No. 3 to produce a consistently successful battery frame (R. pp. 348, 357, 379).

It is submitted that the plastic battery hold-down frame is a natural development in the art and did not amount to invention. Mr. Colarusso admits having conversations with Karl Fox of the Dewey & Almy Company (R. p. 345) during the year 1951. The published literature shows as early as 1948 that Karl Fox was preaching the modification of polystyrene with high styrene copolymers such as Darex X-34 and Darex copolymer No. 3.

Mr. Coleman's frame was not the result of his "inventive genius" (or even lack of it), but was based on the Dewey & Almy bulletins, the publications in the art, and the solid "know-how" of Karl Fox of Dewey & Almy, as related to Mr. Colarusso. The proof of the pudding is that while Dewey & Almy were successful in making a molding powder with polystyrene and the high styrene copolymer, Coleman never was.

Sometime in 1952, the appellant was solicited by the Bakelite Co., either through its representaives, or by means of technical data furnished to the trade, to try a product known as BMSQ-155 (R. pp. 342, 343, 351, 463). BMSQ-155 was introduced by the Bakelite Co. in 1951 and the same product was later redesignated by them as TDM-2155 (R. pp. 359, 463). The product will be referred to simply as the Bakelite Product.

The Bakelite Product is a complete molding material in form of pellets and comprises a majority of polystyrene and a minor amount of a copolymer of butadiene and styrene. The styrene content in the copolymer is in the range of 38% to 42% by weight. This is a *low* styrene content.

After the Bakelite Product was called to the attention of the appellant, it ceased using the mixture comprising Darex Copolymer No. 3. This was in 1952 within a few months *after* the application for the suit patent was filed. The use of the Bakelite material gave the appellant its first commercially acceptable product.

It required only ordinary skill in the field of plastics to select the material for the appellant's frame from plastic materials within the common knowledge of the art.

Steel battery hold-down frames were well known long prior to the alleged invention herein. All Coleman did was to substitute a plastic material *well known in the art* for the results desired. This was a natural development in the plastics industry and followed the introductions of Darex Copolymer No. 3, in 1949, and the Bakelite material, in 1951.

There was a revolution in the industry. It was possible to make many common articles out of high impact plastic which were formerly made of metal or wood only. Examples are radio and television cabinets, toy trains, parts for machinery, plumbing pipes, gears, battery hold-down frames and a host of other products. The credit for the development of new plastic materials of great strength goes to the suppliers of the molding powders, not to Coleman.

### (C)

**Coleman's substitution of material did not amount to invention.**

It would serve no useful purpose to further emphasize that the substitution of plastic for steel in a battery hold-down frame was merely a result of the general industrial revolution in which many metal products in all phases of industry were replaced and supplanted by plastic products. Thus, the substitution of a plastic for metal is to be expected and does not amount to invention. This concept is not incompatible with the cases cited by appellant.



## (D)

The suit patent is invalid for inadequate disclosure because it fails to state both the proper proportions of polystyrene to copolymer and the proper range of styrene content in the copolymer.

No formulae, or specific examples, showing the proportions of the ingredients are anywhere stated in the specification or claims of the suit patent. The patent therefore fails to teach one skilled in the art how to produce the invention. In addition, the specification and claims are completely silent as to the molding process, molding temperatures, pressure and other relevant data necessary to produce a commercially acceptable product. The claims are not supported by an adequate disclosure.

There are many combinations of polystyrene and a copolymer of butadiene and styrene which would be inoperative. Mr. Coleman testified that appellant's original production was in the ranges of 88% to 80% polystyrene and 12% to 20% of the copolymer (R. p. 371). However, this information is not available anywhere in the patent or its claims.

It is also true that the styrene content in the copolymer is critical. The use of the term *high styrene content* is therefore much too broad. The specification does not fulfill the minimum standards of the Patent Laws as to sufficiency of disclosure and the patent is invalid. Full disclosure is basic to the underlying principles of patent law to make sure that the invention will ultimately be dedicated to the public (*General Electric Co. v. Wabash Appliance Corp.*, 304 U. S. 364, 369, 82 L. Ed. 1402, 1405 [1938]); and also to guard against unreasonable advantages to patentee and disadvantages to others arising from uncertainty of their rights (*Zoomar, Inc. v. Paillard Products, Inc.*, 152 F. Supp. 328, 338, footnote 14, [D. C. S. D. New York,



1957]). A patentee cannot obtain greater coverage by failing to describe his invention than by describing it as the law commands (*Halliburton Co. v. Walker, supra*).

The inadequacy of disclosure in the suit patent was deliberate. During the pre-trial depositions the appellant's witnesses and its counsel refused to reveal the proportions used by the appellant in its frames marked with the number of the suit patent, even going so far as to claim a "trade secret" (R. pp. 371, 372). This is certainly incompatible with the legal requirement for full disclosure.

Furthermore, Claim No. 3 of the suit patent, defines the appellant's frame as polystyrene modified by a Buna S with a *high styrene content*, and then qualifies this entirely too broad definition by setting forth the desired qualities such as improved heat resistance, strength, toughness and flexibility. A claim cannot be valid which uses functional language in place of specific proportions at the very point of alleged novelty (*Georgia-Pacific Plywood Co. v. U. S. Plywood Corp.*, 148 F. Supp. 846, 866, 867, [D. C. S. D. New York, 1956]). An invention must be capable of accurate definition, and it must be accurately defined, to be patentable (*United Carbon Co. v. Binney Co.*, 317 U. S. 228, 237, 63 S. Ct. 165, 87 L. Ed. 232, 238, [1942]). The requirement of the Patent Act for definiteness in the statement of the claims must be strictly construed (*Helene Curtis Industries v. Sales Affiliates, supra*, at page 160).

### (E)

**The suit patent is invalid because the one example given lacked utility.**

The evidence concerning lack of utility of the frames made with Darex Copolymer No. 3 has been discussed above. Coleman himself stated that the frames made out of the Darex were not a commercially acceptable product because

they had breakage. He said that they shipped frames out and they came back broken, and "that's when we started to look for trouble" (R. p. 379). Coleman definitely stated that the Darex material was not satisfactory for commercial production because of the uncertainty of the mix (R. p. 379). When he was asked whether he had any records concerning the history of the changeover from Darex to the Bakelite product, he answered:

"No. It was done so quickly after the discovery that we were having mixing problems, that there was nothing except my complaint, *which you could have heard all over the place.*" (R. p. 379; Italics supplied.)

Thus, there was sufficient evidence for the Trial Court to make a fact finding of lack of utility and this was not clearly erroneous. The appellant recognizes the weakness of its argument and tries to state that even if only partial success is obtained, this is sufficient proof of utility.

It is submitted that there is a fallacy in the appellant's argument since the cases cited refer to products which were intrinsically useful, but which perhaps did not operate in all possible applications. For example: *Freedman v. Overseas Scientific Corporation*, 248 F. 2d 274 (C. A. 2, 1957), upon which the appellant relies at page 52 of its brief, concerns an invention for dentures. The evidence in that case showed that the dentures were not useful in certain patients with certain types of mouth structure. That was not a case where the producer could not make a commercially acceptable denture, it was rather a case where the denture did not have universal application.

## (F)

**There is no evidence of commercial success of the product claimed in the suit patent.**

We are in agreement with appellant in its statement on page 47 of its brief that “\* \* \* commercial success alone will not supply the element of invention where it is otherwise lacking \* \* \*.” In this instance, appellant produced evidence of sales of its plastic battery frames (R. p. 460). Reference to this evidence shows that approximately \$16,000.00 worth of frames was sold between June of 1951 and June of 1952 (about 1% of the total sales claimed for a six-year period). This was when appellant was experiencing its difficulties with Darex Copolymer No. 3. In or about June, 1952, appellant switched over to the Bakelite product and never again used the Darex as specified in the patent. Thus, none of the frames sold after June, 1952 was made in accordance with the patent specification or claims.

It is clear that 99% of appellant's sales is therefore attributable to the product of a later period which does not come within the patent.

Most significant is the fact that automobile manufacturers do not use plastic battery hold-on frames as original equipment in cars, *but still prefer to use steel* (R. pp. 88, 336, 337).

It is also significant that in order to sell its frames, appellant expends approximately 10% of its sales in advertising and sales promotion, and that the cost of the sales promotion of the battery frames upon which the commercial success was claimed amounted to approximately \$150,000.00 (R. pp. 266, 267).

It is therefore clear that the commercial success which appellant claims is attributable to frames made of a copolymer with a low styrene content, such as the Bakelite material, and not to frames made with a copolymer of a high styrene content, as disclosed and claimed in the patent.

## (G)

**There was no evidence of a long felt need.**

In view of the fact that all automobile manufacturers still use steel battery hold down frames as original equipment (R. pp. 88, 336, 337), it would seem that the Coleman "invention" did not actually fill a long felt need. High impact plastics were developed and introduced generally to the public at or about the time that Coleman attempted to make his plastic battery frame. Thus, if there indeed was a real need for a plastic frame, then neither Coleman, nor anyone else, could have filled this so-called "need" prior to the advent of the proper material. It is absurd for appellant to state that Coleman filled a long felt need with his frame only after he could obtain the proper plastic material for it and that, therefore, he is undoubtedly an inventor.

Appellant cites the "weeping doll" case, *Brown v. Brock*, 240 F. 2d 723 (C. A. 4, 1957), to show that filling a long felt, unsatisfied want is proof of invention. In that case the Court stated:

"Long before the patent in suit, toy manufacturers had attempted repeatedly without success to produce a satisfactory realistic weeping doll." (p. 735.)

\* \* \*

"The record shows a long felt and unsatisfied want for an acceptable weeping doll. As we have seen, a number of devices were attempted, but none served the purpose." (p. 727.)

In the case at bar, however, there was no evidence of such a long felt, unsatisfied want nor of repeated unsuccessful attempts to make a plastic battery frame out of a true high impact plastic.

## (H)

**The Ditz patent was properly admitted under Title 35 U. S. C. Sec. 102(e).**

The Court made Findings of Fact numbered 29 and 30 (R. pp. 48, 49) concerning the Ditz patent (Deft.'s Ex. A). Finding of Fact 29 notes the production in evidence of the Ditz patent dated December, 1951, and that it was not cited by the Patent Office during the prosecution. Finding of Fact numbered 30 gives the filing date of the Ditz patent as May 26, 1948, and states that it actually gives the preparation for a composition plastic material for battery containers which shows the greatest durability. Also, that Claim 5 of the Ditz patent covers a plastic battery container of polystyrene modified by a copolymer of butadiene and styrene with the styrene content in the copolymer ranging from 20 to 50 per cent by weight.

The appellant did not specify as error the making of Findings of Fact numbered 29 and 30. However, the appellant did assign as error the fact that the Court admitted the Ditz patent in evidence as Defendant's Exhibit "A". (See appellant's brief, pp. 12 and 13).

Appellant states at page 56 of its brief:

"The patent to Ditz, *et al.* was offered and *accepted in evidence as prior art* despite the fact that it issued subsequently to the filing date of the suit patent."  
(Italics supplied.)

The statement is incorrect because while the Ditz patent was originally offered broadly, it appears that during the colloquy counsel for appellee conceded that it was not a prior publication and also agreed with the Court that it would be introduced in a limited scope as evidence as an anticipation, under Section 102(e) of Title 35 U.S.C. Neither the Court's Opinion nor the Findings of Fact, nor

the Conclusions of Law, indicate that the Court treated the Ditz patent in any way other than as evidence of anticipation, in accordance with the appellant's interpretation of the rule of *Alexander Milburn Co. v. Davis-Bournonville Co.*, 270 U. S. 390, 46 S. Ct. 324, 70 L. Ed. 651 (1926) as codified in Section 102(e) of Title 35 of U.S.C. (See appellant's brief, pp. 56 to 61.)

Section 102(e) of Title 35, states in pertinent part as follows:

"A person shall be entitled to a patent unless——

\* \* \*

(e) The invention was described in a patent granted on an application for patent by another filed in the United States before the invention thereof by the applicant for patent \* \* \*."

Reference to page 296 of the Record shows the following colloquy on the objection to the Ditz patent:

"Mr. Halle: I will concede that it is not a publication prior to the filing date.

The Court: All right. Let it be received. The scope may be limited. I haven't the time to stop now and look at your interrogatories. Concededly it is introduced to show what—the status of the art?

Mr. Halle: As an anticipation under the well settled law——

The Court: Under that subdivision described in the patent?

Mr. Halle: That is right, 102(e), I believe.

Mr. Caughey: 102(e).

The Court: All right. It may be received."

Thus, the Court received the Ditz patent only on the question of anticipation. The Trial Court had ample evidence before it to decide that the disclosure of the Ditz patent anticipated the suit patent.



The Ditz patent disclosed and claimed a battery container made of polystyrene modified by a copolymer of butadiene and styrene. It mentioned battery covers. Claim 3 of the suit patent defines a battery hold down frame with no specific structure other than elements to bear on the top and sides of a battery. This is what a cover does too. Suit patent frame is also made of styrene modified by a copolymer of butadiene and styrene.

The Ditz patent was filed on May 26, 1948. This was prior to the December issue of *Modern Plastics* (Deft.'s Ex. M). It was a pioneer patent, early in the art of high impact plastics and entitled to a broad range of equivalents. It was certainly broad enough to cover the type of plastic hold down frame of Claim 3 of the suit patent.

However, it is submitted that the appellant misinterprets the rule of law. The rule of law of the *Milburn* case rested on the theory that a patent application is a "reduction to practice" for everything that is disclosed in that patent application, whether claimed or not. The following significant language is contained at pages 401, 402, of the Supreme Court's Opinion:

"It is said that without a claim the thing described is not reduced to practice. But this seems to us to rest on a false theory helped out by the fiction that by a claim it is reduced to practice. A new application and a claim may be based on the original description within two years, and the original priority established notwithstanding intervening claims. *Chapman v. Wintroath*, 252 U. S. 126, 137, 64 L. Ed. 491, 495, 40 Sup. Ct. Rep. 234. A description that would bar a patent if printed in a periodical or in an issued patent is equally effective in an application so far as reduction to practice goes."

Thus, even though a patent such as the Ditz patent (which issued one day after the suit patent's filing date), is not a prior publication, it is nevertheless the equivalent of a prior publication for all probative purposes in accordance with the direct language quoted from the *Milburn* case, *supra*. Even if the Trial Court had considered and had given the Ditz patent the same weight as prior art and prior publication, this would not have been an error.

On the other hand, it is clear that the Court accepted the evidence for the limited scope of anticipation only. Conceding, *arguendo*, that the Ditz patent is not an anticipation, and had been considered in finding invalidity, it would have been harmless error, since, Conclusion of Law No. 9 held that, "The subject matter of the (suit patent) was stated in more than one printed publication in evidence published more than one year prior to the date of application for the patent, and in accordance with Title 35, U. S. C. Sec. 102, the patent is invalid in its entirety." (R. p. 56.)

The finding of invalidity did not therefore rest solely on the Ditz patent, but on at least one prior publication of which there were many in evidence.

### (I)

**The publications used as prior art teach how to practice the invention as clearly, if not more clearly, than the specifications and claims of the suit patent.**

It has been submitted hereinabove that the suit patent is invalid and was rightly held to be invalid because of inadequate disclosure. No proportions are given, no method of manufacture is given. The only technical information which is given refers to a product called "Darex No. 3", and it is a technical bulletin of the Dewey & Almy Co. which was filed with the suit patent wrapper which gives all of the information concerning this product. This tech-

nical bulletin was published more than one year prior to the patent application. Thus, the Dewey & Almy Exhibit, alone, teaches how to produce the invention as clearly as does the patent. However, we need not rely on this one publication. The other publications in evidence teach that polystyrene can be modified by copolymer with high styrene content to produce a molded article such as a battery frame having the qualities desired and listed in appellant's suit patent, and this is all that the suit patent discloses (R. pp. 288-294).

Thus, the prior publications disclose as much as the suit patent does. Therefore, if the patent is adequate and clear, so are the prior publications.

### POINT III

#### FACTS AND LAW CONCERNING THE ALLEGED UNFAIR COMPETITION.

The appellant seeks to claim exclusive right to the color *red* for its frame. All features of the frame, including the color, are functional and cannot be the subject of a claim of unfair competition. There is no design feature involved in the use of a single functional color for the entire article. In view of the fact that many items in the automotive trade are similarly colored red, it is inconceivable that appellant's battery frame could achieve any significance in the minds of the public from the color frame. Even if the color was not functional, it cannot be the subject of exclusive appropriation by appellant.

What appellant is really asking for is the right to the exclusive use of the color red. If it monopolizes red and the next manufacturer monopolizes orange and the next, yellow, etc., obviously the list of colors would soon run out. The appellant cannot have an exclusive use of the color red. (*Campbell Soup Company v. Armour & Co.*, 175 Fed. 2d 795, 798 [C. A. 3, 1949].)

In any event, the appellee's frames are certainly packaged to distinguish the source of merchandise, and no consumer confusion is likely. (*Kellogg Co. v. National Biscuit Company*, 305 U. S. 111, 120, 83 L. Ed. 73, 79 [1938]; *Sylvania Electric Products, Inc. v. Dura Electric Lamp Co., Inc.*, 247 F. 2d 730, 733, 734 [C. A. 3, 1957].) The plastic battery frames at issue are usually attached as replacements for worn-out battery frames under the hood of automobiles, and the customers rarely see them (R. p. 387). The need for a new frame is usually called to the attention of the customer by a service station attendant when a new battery is installed. Mr. Coleman, the appellant's Director of Sales, affirms that the consumer never knows what he is getting (R. p. 388). In a similar situation involving the sales of automobile replacement parts, it was held that there could be no unfair competition. (*Electric Auto-Lite Co. v. P. & D. Mfg. Co., Inc.*, 109 Fed. 2d 566, 567 [C. A. 2, 1940].)

The appellant cited the case of *Haeger Potteries v. Gilner Potteries*, 123 F. Supp. 261 (U. S. D. C., S. D., Cal. 1954) as one in which the California unfair competition law is discussed extensively. It is submitted that under the ruling of the mentioned case, there is no unfair competition, even if we assumed that the appellee herein deliberately copied the appellant's red frame. There must be something more than merely copying a color to spell out unfair competition.

In the *Haeger* case, *supra*, the Court found that the defendant copied not only the color but the design and shape of the ash tray, which the Court found were non-functional features. In addition, the Court, also, found that there was a confusion of source and origin of the goods. In the instant case, the packages of appellant's and the appellee's goods are not confusingly similar, and the names of the parties are prominently displayed on the face of the packages which cover the frames completely; thus, the facts

in this case are entirely different. It is interesting to note that in the *Haege* case, *supra*, the Court stated, at pp. 268, 269:

“Absent the statutory protection of a patent or a registered trademark, there is nothing to prevent an imitator from precisely copying the prior user’s product in those rare instances where the nature of the article or the circumstances of its marketing or use are held to be such as to warrant a finding that similarity to the point of duplication does not result in confusion of purchasers as to the source or origin of the product. See e.g., *Electric Auto-Lite Co. v. P. & D. Mfg. Co.*, 2 Cir., 1940, 109 F. 2d 566; *Cheney Bros. v. Doris Silk Corp.*, 2 Cir., 35 F. 2d 279, cert. den. 1929, 281 U. S. 728, 50 S. Ct. 245, 74 L. Ed. 1145; *Crescent Tool Co. v. Kilborn & Bishop Co.*, 2 Cir. 1917, 247 F. 299.”

Thus, since the ultimate consumer very rarely knows what kind of plastic battery hold down frame he is getting, the *Haege* case, *supra*, does not apply. In any event, the frames of both parties are clearly distinguished by the different cartons in which they are packed, and there can be, therefore, no unfair competition.

The appellant also permits its red frames to be sold as the product of the Western Auto Company under the trade name “Wizard”. Western Auto sells the frames in their own box, under their own name and trademark (R. pp. 258, 264, 265, 269, Ex. Q, Ex. R). Appellant also sells the red frames to another company which boxes them in their own packages (R. p. 269).

Under these circumstances, appellant, by its own acts, cannot claim distinctiveness, and assert that the red frames are theirs alone (appellant’s brief, p. 77). In any event they certainly cannot claim rights in a single primary color.

The lower Court's opinion sums up the unfair competition claim properly (R. pp. 17-19), and the findings were correct and well supported by the evidence.

### CONCLUSION

The issues raised by appellant on this appeal concern questions of infringement, validity, and unfair competition. It is submitted that the law concerning the appeal is well settled, and that substantially all of the questions raised by appellant concern the lower Court's findings of fact. The evidence fully supports all the findings to an extent which makes it unnecessary to apply the "clearly erroneous" rule to the findings of the Trial Court; since it is obvious that there was no error.

There is no infringement, the claims of appellant's patent are invalid, and there is no unfair competition. The complaint was properly dismissed and the suit patent was properly declared invalid.

The decision of the Trial Court should be affirmed.

Respectfully submitted,

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# United States Court of Appeals

FOR THE NINTH CIRCUIT

16168

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VAN BRODE MILLING Co., INC.,

*Appellant,*

—VS.—

COX AIR GAUGE SYSTEM, INCORPORATED,

*Appellee.*

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APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE  
SOUTHERN DISTRICT OF CALIFORNIA, CENTRAL DIVISION

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## APPELLANT'S REPLY BRIEF

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## APPELLANT'S REPLY BRIEF

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### INTRODUCTION

Although the points made in appellee's brief have for the most part been dealt with in considerable detail in appellant's main brief, there are a number of statements in appellee's brief to which reply must be made because they are incorrect and likely to mislead.

## THE PATENT INFRINGEMENT COUNT

### Infringement

Appellee relies heavily on the rule that a finding of fact must be accepted by an appellate court unless clearly erroneous and states that there was evidence supporting the



lower court's findings herein on infringement. It is submitted that the existence of *some* evidence supporting a finding does not *ipso facto* protect the finding from being held clearly erroneous. Moreover, in the present case as will be pointed out hereinafter the matter of infringement was not solely an issue of fact but was also one of law.

Generally, the issue of infringement centered about the meaning of the phrase "Buna S having a high styrene content." Appellant's proof was to the effect that the phrase refers to actually manufactured butadiene-styrene copolymers having a styrene content substantially greater than the 25% present in standard GRS. Appellee tried to construe the phrase to mean Buna S's with styrene contents of more than 50%.

## I.

### Literal Infringement.

Regarding the issue of literal infringement, appellee in its brief attempts to discredit the testimony of appellant's expert, Mr. Miller, relating to the meaning of the phrase "Buna S having a high styrene content," by pointing out that he agreed that Buna S's with styrene contents of 70% and above were Buna S's having a high styrene content. The contention that this admission vitiates Miller's testimony that ordinary "GRS" (25% styrene) is the standard (for determining what is a high and what is a low styrene Buna S) is based on the obviously specious assumption that because a 70% styrene copolymer is a high styrene content Buna S, a 40% or 50% copolymer must necessarily be a low styrene content Buna S. This "reasoning" assumes the very point which is in controversy, i.e., what is the standard.

Appellee also insists that the fact that Miller admitted that there were no GRS's above 50% styrene is a discrep-

ancy in his testimony and that in any event he was only stating an opinion based on what was known to persons skilled in the art. As to the first of these points, the fact that the Government did not authorize any synthetic rubbers with a styrene content of more than 50% does not change the simple fact that all of the GRS's were Buna S's. The failure to make GRS's or Buna S's with higher styrene contents than 50% during the period of Government control is hardly a reason for saying that all of the Buna S's made during the period of control were low styrene content Buna S's. Indeed, it would seem that the opposite is the case—i.e. some were high, some low, and some standard, in styrene content.

That Miller gave as his opinion what he believed to be the standard as understood by those skilled in the art is hardly a point in appellee's favor, this being exactly what an expert is supposed to do and what appellee's own expert purportedly did. Moreover, Miller supported his testimony with relevant publications.

The reason why the Court clearly erred in accepting the testimony of appellee's expert is that said testimony not only was contradicted by the very properties of the substances involved but was based on a purely arithmetic and artificial conception of what is high and what is low. His standard was wholly unrelated to the problems involved in the patent in suit. See appellant's main brief, pages 39-41, 66-67.

## II.

**Infringement by Equivalents.**

Coming now to the question of infringement by equivalents, appellee's brief shows a misapprehension of what the doctrine of equivalents stands for. Appellant argued in its main brief that the claim in suit was literally infringed because the dividing line for low and high styrene Buna S's is 25%; however, quite apart from this, appellant argued further that infringement should still have been found on the basis of equivalents. Appellant is not at all arguing that a hold-down frame made of polystyrene modified by *any* Buna S is covered by claim 3. *Appellant does urge that plastic frames made of polystyrene modified by a Buna S having a low styrene content (by appellee's standard) are equivalent to the patented frames when such frames have all of the characteristics set forth and required by the suit patent specification and claims for the patentee's purposes.*

And significantly, it is not just *any* modified polystyrene or modifying copolymer that is involved as far as appellee's frames are concerned. The modifying copolymer employed has a much higher styrene content than standard GRS (25% styrene) and is only *eight* percentage points less than the arbitrary dividing line set up by appellee's own expert and accepted by the lower court. Still further, said expert unequivocally conceded the equivalency of appellee's plastic and the frames made therefrom to the plastic and frames set forth in the patent. On this posture of the evidence, equivalents should have been held as a matter of law, so the rule against reversing a finding of fact unless clearly erroneous does not even apply to the question of equivalents in this case.

Appellee contends that there was a file wrapper estoppel against the granting of an equivalent. It may be noted that

the trial court did not rely on this. File wrapper estoppel applies where a patentee deliberately narrows his claim in order to avoid a prior art rejection, and it operates to prevent him from recapturing something he had surrendered. The particular modifying copolymer and modified polystyrene under consideration herein did not even exist at the time the application for the suit patent was filed. The limitation relating to Buna S having a high styrene content was solely to conform the claims to the disclosure and not in order to avoid prior art.

### III.

#### The Inventor's Testimony.

Appellee by an exercise in semantics seeks to justify the great emphasis placed by the trial court on the inventor's *guess* as to the meaning of the phrase "Buna S having a high styrene content." The argument runs that Coleman was not asked to explain the invention, he was only asked to explain a very important part of it. This is no more cogent than is the lower court's reliance on his uneducated guess. The case of *Helene Curtis Industries v. Sales Affiliates*, 233 F. 2d 148 (C. A. 2, 1956) cited by appellee is not at all in point. In that case a highly technical chemical patent was being construed, and in support of the contention of validity thereof the proponent of the patent itself maintained that certain limitations therein were *critical*. There was a great conflict of evidence on this important issue. The case was one in which minute differences in quantities of ingredients made a great difference as to criticality. That a difference of opinion between the inventor, *who himself was an expert in the field*, and the patent expert was considered by the Court in that case is hardly authority for the position taken by the trial court in this case.

#### IV.

##### **The Purported Efforts of Appellee's Suppliers to Avoid Infringement.**

Appellee also argues that its suppliers, Kravex and Gary, deliberately selected a non-infringing plastic. Just how they selected such a plastic without knowing what was in it either by finding out from the manufacturer, Bakelite, or by analyzing the plastic itself, appellee fails to show. The purported intention of appellee's suppliers not to infringe is, of course, in any case irrelevant. However, it is worth again noting, now that this matter has been adverted to by appellee, that its suppliers by their own testimony could not possibly have known whether the material they allegedly selected infringed or not, and made no effort to find out until *after* this suit was brought. The Court will recall that these suppliers developed the infringing frames both with the aid of the patent and a sample of appellant's frames.

#### VALIDITY

##### I.

##### **The File History and Claims.**

Appellee makes the rather peculiar claim that the suit patent is invalid because "diagonal clamping members" which originally were present in all of the claims in the application as filed were omitted from claims 3 and 4 of the patent as issued. There is, of course, no rule in the Patent Office or elsewhere that an applicant cannot remove an unnecessary limitation from his claims during prosecution of the application. Appellee has cited no such rule. Accordingly, the fact that the patentee broadened his claims in the mechanical aspect while he was limiting them from

the point of view of the plastic in accordance with the requirements of the Board of Appeals in the Patent Office is not a factor militating against the validity of the patent.

In addition to the foregoing, appellee's contention that no structure for the frame is given in claim 3 as now written is simply absurd. As pointed out in appellant's main brief, the claim in suit sets forth all of the mechanical limitations for a battery hold-down frame and then defines the frame further in terms of its plastic composition and the physical and mechanical properties imparted to it thereby.

Carrying its argument on this matter to an extreme, appellee urges that the absence of the inorganic filler from claim 3 would render the same invalid. Appellee disregards the obvious fact that the specification refers to a copolymer "*such as 'Darex copolymer No. 3.'*" \* Surely, the Board of Appeals in requiring that the specification and claims be narrowed down to the type of plastic disclosed did not intend that the patentee could only obtain protection for plastic battery hold-down frames made of the *exact* plastic set forth as an example, especially since there was no prior art requiring such a holding.

## II.

### **Presumption of Validity and the Board of Appeals Decision.**

Coming now to the presumption of validity, appellee argues that the Examiner approved the claims without regard to the decision of the Board of Appeals and without making a further search of the plastic arts. Appellant submits that the Examiner clearly followed the mandate of the Board of Appeals. He was not under appellee's

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\* Plaintiff's Exhibit 1, column 2, lines 54-55.



necessity of dissecting and torturing the Board's opinion in order to exonerate an unconscionable infringement. He took the language for what it meant and allowed the claims when they were limited as required by the Board.

Both appellee and the trial court have not apprehended the essential meaning of the decision by the Board of Appeals. The Board, although affirming the Examiner's holding rejecting the original claims, completely nullified the Examiner's contention that the Leuvelink patent which disclosed a plastic clamp for electron tubes could by combination with patents for plain metal frames be held to show that the instant inventor's idea of making a *plastic battery hold-down frame of a particular and appropriate type of material* was not inventive.\* The reason for this decision was that Leuvelink's plastic was not at all useful for battery hold-down purposes, and, of course, Leuvelink's clamp was itself an entirely different object employed for entirely different purposes, although it did perform a clamping function. It was because of this holding that the Examiner allowed the claims of the suit patent after amendment.

It is readily seen in view of the above that no further search by the Examiner after the decision by the Board of Appeals was necessary. *Even if the Examiner had found all of the art relied on by appellee at the trial of this case, it would not have changed the result because the most he might have found was the type of plastic suggested by the inventor, and he would not have found such plastic used or even suggested for any purpose analogous to the inventor's.* Thus, under the decision of the Board of Appeals the patent would still have had to be granted. Actually, the Examiner fully obeyed the decision by the Board of Appeals which had pointed out that the inventive concept of a plastic battery hold-down frame made of a par-

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\* See quotation at page 32 of appellant's main brief.

ticular and appropriate type of plastic was entitled to protection.

The case of *The Hoover Company v. Mitchell Manufacturing Company*, 122 U. S. P. Q. 314 (C. A. 7, 1959), cited by appellee for the proposition that long prosecution of a patent application in the Patent Office may show lack of validity is completely inapplicable here. In that case, the application was prosecuted for *fourteen* years. Moreover, the Court noted that after the patent issued the patentee disclaimed certain claims on the ground that he was not the inventor of the material covered thereby, thus by this action himself discrediting to some extent the actions of the Patent Office.

### III.

#### The Prior Art.

Although appellant argued in its main brief at length the validity of the suit patent over the art cited even on the assumption that Coleman's particular plastic was itself shown to be old thereby, appellee has nevertheless seen fit to discuss this art in some detail. In this discussion, certain erroneous implications and statements are made; these will now be rebutted.

Appellee has simply glossed over the fact that a battery hold-down frame is a specific type of article designed for a particular purpose. The fact that it is an article used in connection with a storage battery does not mean that any other article relating to a battery is the equivalent of a battery hold-down frame. Nevertheless, this absurd contention is what seems to be urged by appellee. There is a constant attempt to strengthen the prior art by implying that because plastic battery cases and covers existed and because other automotive parts were made of plastic, the

*invention* of the suit patent is shown by this art. This is simply not the case, and the Court is urged to scrutinize the prior art very carefully lest it be misled by loose statements into mistakenly believing that plastic battery hold-down frames of any kind whatsoever were shown in the art.

A very recent case in which the Court upheld validity over prior publications containing general disclosures of materials without suggested application to a particular art is *National Latex Products Company v. The Sun Rubber Company, et al.*, 123 U. S. P. Q. 279 (C. A. 6, Oct. 28, 1959—not otherwise reported). The art relied on in the present case is of the same character as that held insufficient in the *National Latex* case.

Another completely unsubstantiated contention made by appellee is that the development of a plastic battery hold-down frame was a “natural” one and that the invention resulted from the existence of publications in the art disclosing particular types of plastic allegedly suitable though not suggested for such frames. Not only was there not a scintilla of evidence supporting this, but the very fact that nobody made a plastic battery hold-down frame until Coleman made his invention, despite the crying need therefor, clearly refutes this argument. Even further, the type of plastic Coleman used did not become known generally until two years after the invention.

Appellee apparently recognizes the cogency of appellant’s argument and cases cited on substitution of materials, for appellee simply dismisses the cases cited by appellant with the statement that they do not apply because substitution of plastic for steel in making a plastic battery hold-down frame was the result of “the general industrial revolution.” The record will be searched in vain for proof or even suggestion of any such “revolution.” Moreover, the raw materials of which the patented plastic battery hold-down

frames are made were available long before the invention by Coleman of such frames\* (see appellant's main brief, p. 51).

#### IV.

#### Sufficiency of Disclosure.

As to the attack on the sufficiency of the disclosure, appellee is on the two horns of a dilemma. On the one hand appellee contends that its supplier was able to avoid infringement of the patent by studying the same. How could it have done so if the disclosure was too indefinite to be understood? On the other hand, appellee argues that the prior art relied on clearly shows how to make plastic battery hold-down frames merely because it discloses certain plastics, although the prior art concededly does not even mention plastic hold-down frames. How then can appellee, in the light of these contentions as to infringement and the adequacy of the prior art disclosures, argue that the molding processes, temperatures, etc. had to be included in the patent specification for adequacy of disclosure?

Generally, as pointed out in appellant's main brief (pp. 38-42, 53-56), it was not necessary that the suit patent disclose molding processes, temperatures and so on for the disclosure to be adequate. These were known in the art. The patent disclosure is sufficiently clear for the invention of the patent to be practiced. This is established both by the expert testimony of Mr. Miller and the success of appellee's suppliers in producing a competitive plastic frame a few months after they decided to infringe the patent.

One other matter in this connection remains to be discussed. Appellee contends that the disclosure was deliber-

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\* The principles relating to substitution of materials were very recently applied, in the *National Latex* case, *supra*.

ately inadequate in order for the patentee to retain certain trade secrets. In purportedly supporting this by reference to the record, appellee conveniently omits citation of page 373 of the Record on Appeal in which the same witness on whose testimony appellee relies, namely, Coleman, states that he does *not* believe that appellant was claiming a trade secret.\*

## V.

### Utility.

Appellee has repeated its contention of lack of utility. Its attempt to support this contention is misleading and relies on a quotation taken out of context. The record showed that a very minute percentage of the original frames broke and was sent back. And the inventor's sensitivity to this as reflected in the quotation in appellee's brief surely is attributable to the fact that he was trying to sell to the trade an entirely new product and would, of course, have preferred that it had been absolutely perfect from the start. The evidence on utility is set forth and discussed in great detail in appellant's opening brief at pages 28-30 (see particularly the footnote on pp. 30-31), and the Court is respectfully referred to these pages for a complete refutation of the claim of lack of utility.

Appellee's attempt to distinguish the cases cited by appellant on this point by contending that appellant's original frames were not *intrinsically* useful has no substance at all. Except for a minor amount of breakage, appellant's original frames were completely useful. Indeed, a new industry resulted from their introduction.

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\* "Mr. Halle: I didn't ask him about the proportion. I want to know what the company is claiming as a policy, as a trade secret?"

The Witness: I do not believe the company is claiming it as a trade secret" (R. p. 373).

Appellant pointed out in its main brief that partial success was sufficient proof of utility not because of any fears that complete utility had not been established for appellant's original frames but because the trial court misconceived the law on utility and erroneously thought that immediate and unqualified perfection were required.

Finally, appellee urges that because appellant had mixing problems at first, it did not have a commercially acceptable frame until it began using the Bakelite material. As was pointed out in appellant's opening brief (p. 29), appellant switched to the Bakelite material because with it no mixing at all had to be performed and this was much more economical than having someone mix the raw materials for it. In addition, the testimony showed that Dewey and Almy was not the only concern which could successfully mix the raw materials for appellant; on the contrary, the record shows that Stedfast Rubber Company had no trouble at all performing the mixing but that because of Stedfast's location, another company, Marine Plastics, located nearer to appellant, was employed in order to lower production costs by reducing transportation expenses. It was Marine that was not able to satisfactorily mix the polystyrene and modifying copolymer. It should be understood that the problem was not one of proportions of ingredients or any other such matter.



## VI.

## Commercial Success.

As to commercial success, appellee contends that only 1% of appellant's frames was made with its original plastic and that once the Bakelite material was adopted the frames were no longer made in accordance with the suit patent. Of course, appellant's frames were all made in accordance with the suit patent. The reasons for this are the same as those already set forth in the main brief and previously herein relating to the issue of infringement. In other words, appellant's frames are all made in accordance with the suit patent either on the basis of literally reading on the claims or on the basis of equivalents, just as is the case with appellee's frames.

As to the percentage of frames sold which were made with the original mixture, it should be remembered that appellant was putting on the market a brand new product. Naturally its first sales were small compared to later sales. The amount of frames sold originally is much more significant when considered against the fact that *none* had ever been sold before than when considered against the number of frames sold once the product became popular.

The statement (in appellee's brief) that appellant had to spend \$150,000 in selling its frames also is highly misleading. That figure included appellant's general overhead. Actually, only about \$6,000 in true advertising was spent, certainly a very small amount for a new article.

Generally, the argument that appellant's frames have not been a commercial success is somewhat surprising in view of the fact that concededly they solved a forty-year-old problem and created a new industry. Indeed, the avidity with which appellee's suppliers copied the frames once

they were well established is ample evidence of how successful they were. The fact that automobile manufacturers still use the defective steel frames as original equipment does not change this. The steel frames are much cheaper and, therefore, more suitable for a mass production item such as cars on which every element of expense is weighed very carefully. The impact of the present invention was felt in the automotive trade as far as replacement of the original frames on cars was concerned, and the evidence showed that in this respect it almost completely displaced the old frames.

## VII.

### Long-Felt Need.

On the question of long-felt need, appellee apparently would do away with the unchallenged testimony of Messrs Ert, Bean and Goldin on the ground that the need for a better battery hold-down frame could not be felt until high impact plastics were developed. The speciousness of this would seem to be self-evident. The need existed regardless of the capacity of the trade to fill it. Moreover, even if Coleman had not been able to provide plastic frames until the necessary materials were available this would be irrelevant on this point. The fact would still remain that he was the first one to solve the problem and fill the need.

Actually, however, the raw materials of which Coleman made his frames had been available for many years before companies like Bakelite came out with the so-called high impact plastics, so that what Coleman did was not merely the result of the presence for the first time of a new material. The evidence showed that Coleman produced a modified polystyrene independently and prior to the time modified polystyrenes of his type first came into existence. Indeed, the term "high impact polystyrene" did not even appear in "Modern Plastics Encyclopaedia" until 1952, two

years after Coleman's invention, so that there can be no question but that on the present record Coleman filled the long-felt need for a plastic battery hold-down frame *before* a material capable of being used for a plastic battery hold-down frame was available or even generally known.

## VIII.

### The Ditz Patent.

Recognizing that the Ditz patent was not admissible as prior art, appellee attempts to support the receipt in evidence of the patent and reliance thereon by the lower court by stating that the patent was put in evidence only for the purposes of anticipation. The colloquy quoted in appellee's brief in support of this unfortunately does not tell the whole story. On page 295 of the record occurs the following:

"Mr. Caughey: For what purpose, may I ask, is it being offered?"

Mr. Halle: It is being offered for every purpose that I can use it for. As prior art—."

Still further, on page 297 the trial court states clearly that it is receiving the patent to show the status of the art. There can be no question but that the Ditz patent was offered, received and used as prior art.

In addition to the foregoing, it is perfectly obvious that the Ditz patent could not have had any other purpose than that performed by prior art. It is not an anticipation because it does not relate to battery hold-down frames. The law is clear in this Circuit that for a patent to be an anticipation, it must show the invention claimed to be anticipated. Likewise, the patent could not be used under Section 102(e) of Title 35 of the United States Code providing that "*the invention was described, . . .*," since the in-

vention is *not* described in the Ditz patent which discloses a plastic material for battery casings and shoe soles.

Recognizing the foregoing, appellee attempts to argue that because the Ditz patent mentions battery covers, it shows the same invention as the suit patent. This simply is not so, and doubtless, if appellee attempted to run a car with just a cover on the battery and no battery hold-down frame, it would be forced to recognize just how great a difference there is between covers and hold-down frames since the battery would be dislodged at the first bump.

As for appellee's contention that the Ditz patent could properly be used as prior art, this has been fully refuted already in appellant's main brief (pp. 56-60).

## THE UNFAIR COMPETITION COUNT

The whole defense to the claim of unfair competition was on the basis that the color and shape of the parties' frames are functional. The difficulty with this defense is that it is entirely unsupported. Indeed, it is hard to conceive how the color of a product which goes under the hood of an automobile can be functional.

Further disregarding the proved facts, including its own proof, appellee urges that no design feature was involved as far as unfair competition is concerned. But there was such a feature, namely, the shape of the frames; and that this shape also was completely non-functional was established by appellee's own exhibit D showing a plastic-covered metal frame which looks nothing at all like the present parties' frames but which, nevertheless, performs the same hold-down function. A plastic frame does not have to have the exact design as that of the patented frames in order to function properly. Yet the parties' frames are to all intents and purposes identical.

The plain fact of the matter is that appellee's suppliers brazenly copied appellant's frames which they had before them as to color, shape and everything else in an effort to trade on appellant's good will and deceive the automotive industry. And it was not a "similar" color that was adopted by these suppliers as stated in appellee's brief but the *same* color.

It is no answer to the foregoing to contend, as appellee does, that the packages for the parties' respective goods serve to prevent confusion or that the ultimate consumer (car owner) may not see the products out of their packages. The persons who are misled and deceived are that section of the public constituting the automotive trade, namely, auto supply stores, gas stations, etc. It was established at the trial without contradiction that the parties' frames are displayed outside of their containers in which condition they would be completely indistinguishable unless one looked closely enough to see the patent marking on appellant's frames. Thus, persons in the automotive trade could certainly be deceived.

Appellee has in no way negated appellant's proof of likelihood of confusion. The fact that Western Auto Company sells appellant's frames under its own trademark in no way affects this. Appellant's patent marking and name occur on all of its frames including those sold through Western Auto, so that it is clear to the automotive trade that whether they buy from appellant or from its customer Western Auto they are getting the same frames.

## CONCLUSION

Appellee's brief has in no way met the points made in appellant's main brief. The latter and this reply to appellee's points constitute a complete refutation of appellee's arguments. The judgment below should be reversed.

Respectfully submitted,

LYON & LYON

*Attorneys for Appellant*

811 West Seventh Street

Los Angeles 17, California

KIRSCHSTEIN, KIRSCHSTEIN & OTTINGER

*Of Counsel for Appellant*

60 East 42nd Street

New York 17, N. Y.





No. 16169 ✓

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United States  
Court of Appeals  
for the Ninth Circuit

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MOORE-McCORMACK LINES, INC.,  
Appellant,  
vs.  
LOUIS RUSSAK, Appellee.

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Transcript of Record

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Appeal from the United States District Court for the  
Western District of Washington, Northern Division

FILED

JAN - 9 1958

PAUL P. O'BRIEN, CLERK



No. 16169

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United States  
Court of Appeals  
for the Ninth Circuit

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MOORE-McCORMACK LINES, INC.,  
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[Clerk's Note: When deemed likely to be of an important nature, errors or doubtful matters appearing in the original certified record are printed literally in *italic*; and, likewise, cancelled matter appearing in the original certified record is printed and cancelled herein accordingly. When possible, an omission from the text is indicated by printing in *italic* the two words between which the omission seems to occur.]

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EDWIN J. FRIEDMAN,  
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Seattle 1, Washington,  
Attorneys for Appellee.



United States District Court, Western District  
of Washington, Northern Division

No. 4464

LOUIS RUSSAK,

Plaintiff,

vs.

MOORE-McCORMACK LINES, INC., a Dela-  
ware corporation, Defendant.

PETITION FOR REMOVAL

To: The Honorable Judges of the above entitled  
Court:

The petition of Moore-McCormack Lines, Inc., a Delaware corporation, for removal of the above entitled cause to the United States District Court for the Western District of Washington, Northern Division, from the Superior Court of King County in the State of Washington, respectfully shows:

I.

In the Superior Court of King County, Washington, Louis Russak has commenced a civil action against Moore-McCormack Lines, Inc. and the suit is now pending as Cause No. 512924. The suit involves a civil action of which the United States District Courts have original jurisdiction and is one to recover damages as more fully appears from the complaint on file in said cause, copy of which is hereto attached and marked Exhibit "A" and made a part of this petition.

## II.

Petitioner seeks removal of said Cause No. 512924 to this Court upon the ground that for the reason that the controversy in said action is between citizens of different States in that your petitioner, Moore-McCormack Lines, Inc., was at the time of the commencement of this action and still is a corporation created and existing under the laws of the State of Delaware and was then and still is a resident and citizen of said State of Delaware and not a resident or citizen of the State of Washington, whereas the plaintiff is a resident of the State of Washington.

## III.

The matter in controversy in the suit at the time of its commencement and at the present time exceeds the sum or value of \$3,000.00, exclusive of interest and costs.

## IV.

The suit was commenced on October 3, 1957 by service of process on petitioner on that date.

## V.

Petitioner files herewith a good and sufficient bond, as provided by statute, conditioned that petitioner will pay all costs and disbursements incurred by reason of the removal proceedings should it be determined that the cause was not removable or was improperly removed.

## VI.

Upon filing of this petition and bond for re-

moval, petitioner will give written notice of the filing of the petition and bond to plaintiff, as required by Section 1446(e) of Title 28 of the United States Code.

Wherefore, petitioner prays that said Cause No. 512924 be removed from the State Court into this District Court for trial and determination and that this Court accept and approve said Bond for removal.

Dated this 22nd day of October, 1957.

BOGLE, BOGLE & GATES,  
Attorneys for Petitioner Moore-  
McCormack Lines, Inc.

Duly Verified.



## EXHIBIT "A"

In The Superior Court of The State of Washington  
In And For The County of King

No. 512924

LOUIS RUSSAK,

Plaintiff,

vs.

MOORE-McCORMACK LINES, INC., a Delaware  
corporation, Defendant.

## COMPLAINT

Comes Now the plaintiff, and for cause of action  
against the defendant, alleges:

## I.

That now and at all times hereinafter mentioned  
the defendant is a corporation organized and exist-  
ing under and by virtue of the laws of the State  
of Delaware, authorized to do business and actually  
doing business in King County, Washington. That  
said defendant was the operator of the SS "Argen-  
tina" a passenger vessel of the United States, carry-  
ing passengers for hire, and that on or about the  
10th day of March, 1957 entered into a contract  
of passage with the plaintiff on said vessel from  
New York to South American ports.

## II.

That on the 22nd day of March, 1957 said de-  
fendant failed to exercise the highest degree of care  
consistent with the practical operation of said ves-

## Exhibit "A"—(Continued)

sel in that it permitted the floor of the main lounge of that vessel to have and remain thereon spilled fruit and residue of fruit after a reasonable opportunity to remove the same. That as a direct and proximate result of the negligence of the defendant as aforesaid, while plaintiff was on the floor of said lounge plaintiff slipped and fell violently to the floor.

## III.

That as a direct and proximate result of the negligence of the defendant as aforesaid, plaintiff received a fracture of the distal shaft of the fifth metatarsal of his left foot; that he immediately suffered extreme pain and continued to suffer extreme pain. That medical attention was supplied on the vessel although such medical attention was not adequate because of a lack of facilities. That upon arrival at Bahia, Brazil, his left foot was X-rayed and a cast placed thereon upon his return to the vessel. That his foot was re-casted again following the vessel's arrival at Rio de Janeiro, Brazil, and upon the arrival at Buenos Aires, Argentina, on the 3rd day of April, plaintiff left said vessel and came under the care of hospital and physicians in Buenos Aires, Argentina. That he remained under continuous care at Buenos Aires until the 4th day of May, 1957. That although his medical bills were paid by the defendant in Buenos Aires, plaintiff incurred additional expense in the sum of \$480.00 by reason of his protracted stay in Buenos Aires, and that he has been compelled to incur additional

## Exhibit "A"—(Continued)

expense in the sum of \$62.00 for doctor bills following his return to Seattle. That plaintiff's occupation is that of a manager of auto parts stores and that he has lost opportunities of employment as such manager for a period of time by reason of the painful condition of his left foot and his inability to stand thereon. That ever since the time of said accident plaintiff has suffered, now suffers and will continue to suffer pain in and about his left foot and that his left foot has been permanently injured and weakened to his total damage in the sum of \$10,000.00.

Wherefore, plaintiff prays for judgment against the defendant in the sum of \$10,000.00 and for his costs and disbursements in this action incurred.

LEVINSON & FRIEDMAN,  
Attorneys for Plaintiff.

Duly Verified.

[Endorsed]: Filed October 22, 1957.

---

[Title of District Court and Cause.]

## ANSWER

Comes Now the defendant and by way of answer to the complaint of plaintiff on file herein, admits, denies and alleges as follows:

## I.

Answering Paragraph I, defendant admits same.

## II.

Answering Paragraph II, defendant denies same, although admits that plaintiff reported turning his left foot while dancing on or about March 22, 1957, but denies that said occurrence was the result of any fault, neglect or liability of defendant, as alleged or otherwise.

## III.

Answering Paragraph III, defendant denies same.

For Further Answer and By Way of Affirmative Defense to the cause of action alleged by plaintiff, defendant alleges that if plaintiff sustained injury or damage as in his complaint alleged or at all, said injury and/or damage was solely and proximately caused and/or contributed to by the negligence of plaintiff in dancing in a careless manner without having full control of his body or movements as a result of his condition of sobriety or otherwise.

Wherefore, having fully answered the complaint, defendant prays that it be dismissed with prejudice and without costs and that defendant be awarded its costs and disbursements in this action incurred.

BOGLE, BOGLE & GATES,  
Attorneys for Defendant.

Duly Verified.

Acknowledgment of Receipt of Copy Attached.

[Endorsed]: Filed November 5, 1957.

[Title of District Court and Cause.]

## REPLY

Comes Now the plaintiff above named and for reply to defendant's answer, alleges:

### I.

Denies each and every allegation, matter, and thing contained in defendant's Affirmative Defense.

Wherefore, having fully replied to defendant's answer, plaintiff prays for judgment as set forth in his complaint on file herein.

LEVINSON & FRIEDMAN,  
Attorneys for Plaintiff.

Duly Verified.

Acknowledgment of Receipt of Copy Attached.

[Endorsed]: Filed January 24, 1958.

---

[Title of District Court and Cause.]

## FINDINGS OF FACT AND CONCLUSIONS OF LAW

This Matter having come on for trial before the undersigned, one of the Judges of the above entitled Court, on the 23rd day of June, 1958, plaintiff appearing in person and by his attorneys, Levinson & Friedman, Sam L. Levinson of counsel; defendant appearing by its attorneys, Bogle, Bogle & Gates, Ronald E. McKinstry of counsel; witnesses having been duly sworn and heard and counsel

having been heard, and the Court having duly considered the matter and having heretofore rendered its oral opinion, now in accordance therewith the Court makes the following

### Findings of Fact

#### I.

That the defendant is a corporation organized and existing under and by virtue of the laws of the State of Delaware, authorized to do business and actually doing business in King County, Washington. That the defendant was the operator of the SS "Argentina", a passenger vessel of the United States, carrying passengers for hire, and that on or about the 10th day of March, 1957, entered into a contract of passage with the plaintiff on said vessel from New York to South American ports.

#### II.

That on the 22nd day of March, 1957, said defendant failed to exercise the highest degree of care consistent with the practical operation of said vessel in that it permitted the floor of the main lounge of that vessel to have and remain thereon spilled fruit and residue of fruit after a reasonable opportunity to remove the same. That as a direct and proximate result of the negligence of the defendant as aforesaid, while plaintiff was on the floor of said lounge plaintiff slipped and fell violently to the floor.

#### III.

That as a direct and proximate result of the neg-



ligence of the defendant as aforesaid, plaintiff received a fracture of the distal shaft of the fifth metatarsal of his left foot; that he immediately suffered extreme pain and continued to suffer extreme pain. That medical attention was supplied on the vessel although such medical attention was not adequate because of a lack of facilities. That upon arrival at Bahiaia, Brazil, his left foot was X-rayed and a cast placed thereon upon his return to the vessel. That his foot was re-casted again following the vessel's arrival at Rio de Janeiro, Brazil, and upon the arrival at Buenos Aires, Argentina, on the 3rd day of April, 1957, plaintiff left said vessel and came under the care of hospital and physicians in Buenos Aires, Argentina. That he remained under continuous care at Buenos Aires until the 4th day of May, 1957. That plaintiff's medical bills were paid by the defendant in Buenos Aires, but that plaintiff incurred additional expense by reason of his protracted stay in Buenos Aires and that he has been compelled to incur additional expense in the sum of \$37.00 for treatment following his return to Seattle, Washington. That plaintiff's occupation is that of a manager of auto parts stores and he lost opportunities of employment as such manager for a period of time by reason of the painful condition of his left foot and his inability to stand thereon. That plaintiff has suffered pain from his injury, now suffers and will continue to suffer pain in and about his left foot and that his total damage is in the sum of \$3,500.00.

From the foregoing Findings of Fact the Court makes the following

Conclusions of Law

That a judgment be entered in favor of the plaintiff and against the defendant in the sum of \$3,500.00 and plaintiff's costs to be taxed by the Clerk.

Done In Open Court this 2nd day of July, 1958.

/s/ GEO. H. BOLDT,  
Judge.

Presented by:

/s/ SAM L. LEVINSON,  
Attorney for Plaintiff.

Acknowledgment of Receipt of Copy Attached.

[Endorsed]: Filed July 2, 1958.

---

In The District Court of the United States, Western  
District of Washington, Northern Division

No. 4464

LOUIS RUSSAK, Plaintiff,

vs.

MOORE-McCORMACK LINES, INC., a Delaware  
corporation, Defendant.

JUDGMENT

This Matter having come on for trial the 23rd day of June, 1958, plaintiff appearing in person and by his attorneys, Levinson & Friedman, Sam L.

Levinson of counsel; defendant appearing by its attorneys, Bogle, Bogle & Gates, Ronald E. McKinsty of counsel; witnesses having been sworn and heard and counsel having been heard, and the Court having heretofore entered its Findings of Fact and Conclusions of Law, now therefore,

It Is Hereby Ordered that plaintiff have and recover judgment against the defendant in the sum of \$3,500.00 and his costs herein to be taxed by the Clerk.

Done In Open Court this 2nd day of July, 1958.

/s/ GEO. H. BOLDT,  
Judge.

Presented by:

/s/ SAM L. LEVINSON,  
Attorneys for Plaintiff.

Acknowledgment of Receipt of Copy Attached.

[Endorsed]: Filed and Entered July 2, 1958.

[Title of District Court and Cause.]

NOTICE OF APPEAL

To: Louis Russak, Plaintiff and Levinson & Friedman, his attorneys; and Clerk of the District Court:

You and Each of You are hereby given notice that the defendant, Moore-McCormack Lines, Inc., a Delaware corporation, does hereby appeal to the United States Court of Appeals for the Ninth Circuit from each and every part of that certain judgment, including findings of fact and conclusions of law, made and entered herein by the District Court on July 2, 1958, wherein the plaintiff was awarded damages against defendant in the sum of Three Thousand Five Hundred (\$3,500.00) Dollars, together with costs and disbursements taxed in the suit.

Dated At Seattle, Washington, this 29th day of July, 1958.

BOGLE, BOGLE & GATES,  
Attorneys for Defendant and Appellant, Moore-McCormack Lines, Inc.

[Endorsed]: Filed July 29, 1958.

[Title of District Court and Cause.]

BOND ON APPEAL AND  
SUPERSEDEAS BOND

Know All Men By These Presents: That the undersigned, Moore-McCormack Lines, Inc., a Delaware corporation, as principal, and Indemnity Insurance Company of North America, a corporation, as surety, are held and firmly bound unto the said Louis Russak, in the sum of Five Thousand (\$5,000.00) Dollars, for the payment of which, the said principal and the said surety bind themselves, their heirs and personal representative or successors, jointly and severally, firmly by these presents.

Signed, Sealed and Executed this 29th day of July, 1958.

Whereas, the above named defendant and principal has appealed to the United States Court of Appeals for the Ninth Circuit from the judgment heretofore made and entered herein under date of July 2, 1958, in favor of the plaintiff and against the defendant in the sum of Three Thousand Five Hundred (\$3,500.00) Dollars and for the costs and disbursements taxed in said suit;

Whereas, the defendant desires to effect a stay of proceedings on said judgment pending such appeal;

Now, Therefore, if the said defendant and appellant will satisfy the judgment in full together with costs, interest and damages for delay, if for

any reason the appeal is dismissed or if the judgment is affirmed, and to satisfy in full such modification of the judgment and such costs, interest and damages as the Appellate Court may adjudge and award, then this obligation to be null and void; otherwise to remain in full force and effect.

MOORE-McCORMACK LINES,  
INC., a Delaware corporation,

By BOGLE, BOGLE & GATES,  
Its Attorneys.

[Seal] INDEMNITY INSURANCE COM-  
PANY OF NORTH AMERICA,  
a corporation,

/s/ By HENRY R. BUCK,  
Its Attorney in fact.

Approved as to amount:

/s/ SAM L. LEVINSON,  
Attorney for Plaintiff.

The above and foregoing bond on appeal and supersedeas bond is hereby approved as to amount.

Done In Open Court this 1st day of August, 1958.

/s/ GEO. H. BOLDT,  
Judge.

[Endorsed]: Filed August 4, 1958.



[Title of District Court and Cause.]

APPELLEE'S DESIGNATION OF ADDITIONAL PORTIONS OF RECORD ON APPEAL

Appellee, Louis Russak, designates the following additional portions of the transcript of the proceeding and evidence, to be contained in the record on appeal in this action:

Page 4—Lines 15 through 25. (All lines are inclusive.) Page 5—Lines 1 through 4, 8 through 22. Page 9—Lines 12 through 25. Page 10—Lines 1 through 17. Page 11—Lines 1 through 7, 22 through 25. Page 12—Lines 1 through 25. Page 13—Lines 1 through 7, 22 through 25. Page 14—Lines 1 through 6, 15 only, 24 through 25. Page 15—Lines 1 through 16. Page 16—Lines 3 through 14. Page 17—Lines 5 through 15, 22 through 25. Page 18—Lines 8 through 17. Page 19—Lines 3 through 5, 24 through 25. Page 20—Lines 1 through 2. Page 21—Lines 1 through 4. Page 23—Lines 14 through 18. Page 24—Lines 5 through 6. Page 26—Lines 4 through 25. Page 27—Lines 1 through 3. Page 41—Lines 14 through 25. Page 48—Lines 2 through 25. Page 49—Lines 1 through 7, 22 through 25. Page 50—Lines 1 through 19. Page 59—Lines 1 through 6. Page 64—Lines 1 through 15. Page 70—Lines 10 through 25. Page 71—Lines 1 through 10. Page 84—Lines 4 through 6. Page 95—Lines

22 through 25. Page 96—Lines 1 through 25. Page 97—Lines 1 through 25. Page 103—Lines 3 through 25. Page 104—Lines 1 through 25. Page 105—Lines 1 through 25. Page 106— Lines 1 through 2. Page 107—Lines 22 through 25. Page 108—Lines 1 through 24. Page 109—Lines 17 through 22. Page 110—Lines 15 through 25. Page 111—Lines 1 through 25.

Trial court's opinion page 124 through page 128 inclusive.

LEVINSON & FRIEDMAN,  
Attorneys for Appellee.

Acknowledgment of Receipt of Copy Attached.

[Endorsed]: Filed September 4, 1958.

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[Title of District Court and Cause.]

### CERTIFICATE OF CLERK

United States of America,  
Western District of Washington—ss.

I, John A. Burns, Clerk of the United States District Court for the Western District of Washington, do hereby certify that pursuant to the provisions of Subdivision 1 of Rule 10 of the United States Court of Appeals for the Ninth Circuit and Rule 75(o) FRCP I am transmitting herewith all of the original papers in the file dealing with the action excluding Plaintiff's Exhibits 1 and 2, as the record on appeal herein to the United States Court of Appeals for the Ninth Circuit at San

Francisco, said papers being identified as follows:

1. Petition for Removal, filed Oct. 22, 1957, with copy of Complaint attached.

2. Bond for Removal, filed 10-22-57.

3. Notice of Filing Petition and Bond for Removal, filed Oct. 22, 1957, with copy of Petition for Removal, Complaint, and Bond for Removal attached.

4. Answer of Defendant, filed Nov. 5, 1957.

5. Reply, filed Jan. 24, 1958.

6. Demand for Jury, filed Jan. 24, 1958.

7a. Memorandum of Points and Authorities filed by Plaintiff, 6-23-58.

7. Deposition of Louis Russak, filed Jan. 29, 1958. (Marked As Defendant Ex. "A".)

8. Memorandum of Authorities filed June 23, 1958 by defendant.

9. Notice of Presentation of Findings of Fact and Conclusions of Law, Judgment and Cost Bill, filed 6-25-58.

10. Findings of Fact and Conclusions of Law, filed July 2, 1958.

11. Judgment, filed July 2, 1958.

12. Cost Bill, filed July 2, 1958.

13. Notice of Appeal, filed July 29, 1958.

14. Bond on Appeal and Supersedeas Bond, filed Aug. 4, 1958.

I further certify that the following is a true and correct statement of all expenses, costs, fees and charges incurred in my office by appellant for prep-

aration of the record on appeal in this cause, to-wit: Filing fee, Notice of Appeal, \$5.00; and that said amount has been paid to me by counsel for appellant.

In Witness Whereof I have hereunto set my hand and affixed the official seal of said District Court at Seattle this 25th day of August, 1958.

[Seal]                      JOHN A. BURNS,  
   Clerk,

/s/ By TRUMAN EGGER,  
   Chief Deputy.

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[Title of District Court and Cause.]

CERTIFICATE OF CLERK TO  
SUPPLEMENTAL RECORD

United States of America,  
Western District of Washington—ss.

I, John A. Burns, Clerk of the United States District Court for the Western District of Washington, do hereby certify that pursuant to the provisions of Subdivision 1 of Rule 10 of the United States Court of Appeals for the Ninth Circuit and Rule 75(o) FRCP I am transmitting herewith supplemental to the record on appeal in this cause the following additional original papers in the file dealing with the action, said papers being identified as follows:

15. Statement of Points filed August 29, 1958.
16. Declaration of Contents of Record on Appeal filed August 29, 1958.

17. Court Reporter's Transcript of Testimony and Proceedings filed August 29, 1958.

In Witness Whereof I have hereunto set my hand and affixed the official seal of said District Court at Seattle this 3rd day of September, 1958.

[Seal]                      JOHN A. BURNS,  
Clerk,

/s/ By TRUMAN EGGER,  
Chief Deputy.

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[Title of District Court and Cause.]

**CERTIFICATE OF CLERK TO SECOND SUPPLEMENTAL RECORD ON APPEAL**

United States of America,  
Western District of Washington—ss.

I, John A. Burns, Clerk of the United States District Court for the Western District of Washington, do hereby certify that pursuant to the provisions of Subdivision 1 of Rule 10 of the United States Court of Appeals for the Ninth Circuit and Rule 75(o) FRCP I am transcribing herewith, supplemental to the record on appeal in this cause, the following additional original papers in the file dealing with the action, said papers being identified as follows:

18. Appellee's Designation of Additional Portions of Record on Appeal, filed Sept. 4, 1958.

19. Defendant Appellant's Supplemental Statement of Points and Designation of Record, filed Sept. 9, 1958.

Witness my hand and official seal this 18th day of September, 1958, at Seattle, Washington.

[Seal]                      JOHN A. BURNS,  
                                 Clerk,  
/s/ By TRUMAN EGGER,  
                                 Chief Deputy.

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In the District Court of the United States, Western  
District of Washington, Northern Division

No. 4464

LOUIS RUSSAK,    Plaintiff,

vs.

MOORE-McCORMACK LINES, INC., a Delaware  
corporation,    Defendant.

TRANSCRIPT OF PROCEEDINGS

held in the above-entitled and numbered cause in the above-entitled court before the Honorable George H. Boldt, United States District Judge, on Monday, June 24, 1958, at the United States Court-house, Seattle, Washington.

Appearances: On behalf of the plaintiff: Mr. Sam L. Levinson, Levinson & Friedman, Attorneys at law, 1602 Northern Life Tower, Seattle, Washington. On behalf of the defendant: Mr. Ronald E.



McKinstry, Bogle, Bogle, & Gates, Attorneys at law, 603 Central Building, Seattle, Washington. [1]\*

Proceedings

\* \* \* \* \*

Mr. Levinson: My name is Sam Levinson, counsel of the plaintiff, your Honor. This is an action by Louis Russak against the Moore-McCormack Steamship Company, an action which was originally instituted in the state court and removed to Federal Court by a petition on behalf of the defendant. It is an action in law. It was originally noted as a jury case by the plaintiff, and the jury has been waived by stipulation with counsel and the matter is now being tried before your Honor.

(Thereupon, an opening statement was rendered by counsel.)

LOUIS RUSSAK

plaintiff herein, called as a witness on his own behalf, being first duly sworn, was examined, and testified as follows:

Direct Examination

Q. (By Mr. Levinson): Will you state your name, please?      A. Louis Russak.

Q. And what is your address, Mr. Russak?

A. 2549 - 29th Avenue South.

Q. And how long have you lived in Seattle?

A. Since 1923.

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\* Page numbers appearing at top of page of Reporter's Transcript of Proceedings.

(Testimony of Louis Russak.)

Q. And what is your present age?

A. What is it?

Q. How old are you?

A. I am going on 56.

Q. Mr. Russak, what has been your business?

A. My business was auto wrecking, cars and trucks and parts.

Q. And how long have you been in that business?

A. I have been in that since 1923, almost all my life that I was here.

Q. You are a married man? A. Yes.

Q. Do you have a family? A. Yes.

Q. Now, Mr. Russak, were you a passenger on the "Argentina" on a cruise? A. Yes.

Q. And what was your original plan for that trip?

A. My plan was to go from here to New York by airplane, and from New York to Buenos Aires by boat, stay there for seven days about, and then fly to Africa to see some of my brothers and sisters that I haven't seen for many years.

Q. And then what was your plan from there?

A. From there to go back to New York and then Seattle.

Q. Now, was this a first-class passage?

A. Yes.

Q. Do you remember how much your ticket on the ship cost?

A. I think it cost us close to 14 hundred dollars.

Q. That is your fare on the ship?

(Testimony of Louis Russak.)

A. Yes.

Q. And Mrs. Russak was with you?

A. Yes. [5]

\* \* \* \* \*

Q. Now, do you remember this occasion of the party when you were injured? A. Yes.

Q. Now, tell the Court just what kind of party that was and what the arrangements were.

A. On the 22nd of March the cruise director and the lady also that takes care of it arranged a fiesta, like a carnival. They issued costumes and all kinds of masks and different kinds of stuff, you know, to have a good time, anybody that wants to take part in it.

Q. Now, where was the fiesta or carnival being held?

A. Right on the dance floor where we — well, what they called it, I forget.

Q. The lounge? A. A lounge, yes.

Q. All right. Just go ahead now. Were you given numbers? [6]

A. Yes. After we came in a certain room everybody went by numbers, the first couple, second, third, fourth, and so on, and in the meantime they were making up our faces with different kinds of paint and what not so they could have a good time.

Q. Where were the couples kept?

A. They were kept in the room where they were making up their faces.

Q. Where was that room with relation to the dance floor? A. Right next door.

(Testimony of Louis Russak.)

Q. Could you see into the dance floor?

A. The door was open. Yes, we could see it.

Q. Did you watch or did you look in it?

A. Yes, we were watching just what was going on.

Q. Now, you go ahead in your own words and just tell the judge what happened.

A. Well, there was a lady from Brazil, she was taking a part there, and she had a basket with all kinds of fruit, and she was supposed to be Carmen Miranda, and when she went on the floor there, she was giving some of the fruit to the passengers, throwing it. They were asking for it.

Q. Where were the passengers seated?

A. They were sitting all around in chairs.

Q. All around what? [7]

A. On the place where the show was supposed to be, where the people were dancing.

Q. The dance floor? A. Yes.

Q. You go ahead and tell us about it.

A. And so then we went into our—we were called, so we went in to dance.

Q. About how long afterwards?

A. I would say it was about 20 or 25 minutes, something like that.

Q. Now, between the time that you saw Carmen Miranda, if we may use the term, and the time that you came in to dance, did you have—could you see the floor? A. Well——

Q. Could you see the dance floor?

A. Well, not all of it. I could see just part of it.

(Testimony of Louis Russak.)

Q. Now, during the time that you were there, did you observe anybody cleaning it up or sweeping it up? A. No, I didn't.

Q. All right. What happened then when you were called in to dance?

A. So we started—the music started to play, and I started to dance with my wife.

Q. How many couples were out on the floor at that time all together? [8]

A. There was all together between ten and fifteen or twenty couples, something like that, that many of them.

Q. Now, you go ahead and tell the Court.

A. And I started dancing with my wife and my foot slipped, and I felt a sharp pain, and I didn't want to fall down on the floor, but I could see right next to my foot there was a little bit of moisture. It looked like a few grapes, skin of a grape.

Q. About how big an area?

A. It wasn't very big. I would say maybe five or six inches.

Q. What did you do immediately?

A. What I done, the pain was awful bad, and my wife asked what was the matter, and I said I got hurt, and I walked over to the back and sat on a chair and took my shoe off to see what was the matter with it, and while I was sitting it wasn't too bad. But after I touched my foot a certain place, there was pain, and I wasn't sure whether it was a twist or a fracture. So from there I went to my room.



(Testimony of Louis Russak.)

Q. Now, before you went to your room, did anybody come over?

A. Well, the cruise director, he came over after that, and my wife came over, and he asked what happened too. So my wife explained it to him that I hurt my foot, and then I told him there was some fruit in there, and he [9] mentioned that they will see it will never happen again. That is what he did say after that.

Mr. McKinstry: I move that be stricken as hearsay.

The Court: Overruled.

Q. (By Mr. Levinson): What happened after that?

A. After that I went to see about a doctor. Before I went to see the doctor I went to my room to take off my costume, to change, and I took my shoe off again, and my foot was awfully painful.

Q. How did you manage to get to your room?

A. Just on one foot I would say.

Q. Where was your room from that dance floor?

A. From there it was not too faraway. It was on the lower—on the second floor, I think it was.

Q. The deck below?           A. Yes.

\* \* \* \* \*

Q. Now, on what deck and where is the doctor's office? [10]

A. The doctor is, oh, I think he is on the lower deck, and it is quite a distance from the room that I had. That was on the other side of the boat.

Q. And how did you get there?



(Testimony of Louis Russak.)

A. On one foot.

Q. Did anybody hold you?

A. Not until I got to the doctor.

\* \* \* \* \*

Q. Now, when you got the doctor's office, who was there?      A. The nurse.

Q. And what did you report?

A. I told what happened, and she said, "You better wait. [11] The doctor will be in shortly."

Q. And how long afterwards did the doctor come in?

A. About ten minutes, something like that.

Q. That is the ship's doctor?      A. Yes.

Q. And what did he do or what did you do? What did you say to him?

A. I was there, and he came in and asked what happened.

Q. Did you tell him?      A. Yes.

Q. What did you tell him?

A. I told him I was dancing with my wife, and——

Mr. McKinstry: Objected as self-serving, his statement.

The Court: No, he can say what happened.

Q. (By Mr. Levinson): What did you say?

A. I explained to him that I was dancing with my wife and I slipped, my foot, and I got a terrible pain in there. I think it was—I told him it was wet in there, it was moisture, looked something like grapes, and then he told me to take off my shoe, and I did, and he felt it, the place where it was frac-

(Testimony of Louis Russak.)

tured. He didn't know what it was. It was very painful. He says, "Well, we haven't got no x-ray on the boat. We will have to wait until we get to the next port, which is Bahia, or telephone them that [12] they should pick us up and take us to a hospital or to where the doctors are."

Q. All right. Now, did he do anything about putting any bandage or anything on it?

A. At that time he didn't do anything. He only told me to go back and keep it in water, try to soak it in water, "And keep your foot up high when you go to sleep."

\* \* \* \* \*

Q. And how is it—how was it the next day?

A. The next day he told me—the doctor told me he wanted to see me. So I came over there, and he says, "I guess the best to do is put it in a cast. I am not an [13] experienced man on casts, but I watched how they do it." So he put on a cast, and he gave me two crutches and showed me how to walk on crutches.

Q. Then what time of the day was it that next day, in the morning or afternoon?

A. It was in the morning sometime.

\* \* \* \* \*

A. Then we got into Bahia.

\* \* \* \* \*

Q. Who went with you?

A. The doctor and a representative from the Moore-McCormack, [14] and also a few other passengers that went to see the doctor.

(Testimony of Louis Russak.)

Q. Tell us what happened when you got there.

A. We came to the doctor and had to wait, naturally, and the doctor there, he couldn't speak any English. He was talking Portuguese. But he knows what it is all about. So we waited about an hour or so and they x-rayed my foot. They took the cast off and x-rayed it, and it showed where it was fractured. So the doctor told me to go back. He took me back.

Q. What doctor?

A. The doctor from the boat.

Q. From the ship?

A. Yes, and they took me back out there, and they put another cast on it, and they told me to wait until we get to Rio de Janeiro. [15]

\* \* \* \* \*

Q. How many days or how far is it from Bahia to Rio?

A. I think it is about four or five days.

Q. What happened when you got to Rio?

A. We got in there in the morning, and it was a very hot day, so the doctor told me to take—he was going to take me to the hospital out there. This is in Buenos Aires.

Q. In Buenos Aires?

A. In Rio. And they took us in a cab out there. Also there was a representative from the Moore-McCormack, and we came over there and took the cast off, and they x-rayed it again, and we had to wait for the doctor. [16]

\* \* \* \* \*

(Testimony of Louis Russak.)

Q. What happened when you got to the hospital?

A. We got there, and they took the cast off and x-rayed, and it showed where it was fractured, and they told me to wait for the specialist or the orthopedist, he will put on a cast with a stepping heel so I can step on it, on my foot.

Q. He could make a walking cast?

A. With crutches I can put my foot down.

Q. Could you put your foot down before?

A. No, I couldn't because the cast was made—you know, just a cast with nothing else to support.

\* \* \* \* \*

Q. Did the orthopedic man ever show up?

A. He never did. The doctor came back and told me, "He is not going to show up," that we will have to go back to the boat. [17]

\* \* \* \* \*

Q. And what happened when you got back to the ship?

A. He put on the cast again.

Q. The same ship's doctor?

A. Yes, and I told him about getting me a heel. He couldn't find one in Rio, so they happened to have an old shoe on the boat, and they tore the heel off, and he worked it in with the cast so I can step down with my foot, you know, so I can step on it. But it didn't last too long. Inside of the next day it fell off because there wasn't no support. [18]

\* \* \* \* \*

Q. And do you remember the day your ship got into Buenos Aires?

(Testimony of Louis Russak.)

A. I think it was April the 1st.

\* \* \* \* \*

Q. Do you remember the name of the hotel?

A. Hotel Plaza. [19]

Q. And you registered there with Mrs. Russak?

A. Yes. \* \* \* \* \* [20]

Q. All right. Now, tell us how long you stayed in Buenos Aires?

A. I stayed there until May the 4th, but the doctor told me from there I should be back, he wanted to see me again. He said I should return on April the 24th. [21]

\* \* \* \* \*

Q. What happened on the 24th of April?

A. Well, the representatives from Moore-McCormack came over and took me to the hospital.

Q. What happened to your cast then?

A. They took it off. [23]

\* \* \* \* \*

Q. Now, when then did you leave Buenos Aires?

A. I left May the 4th. [24]

\* \* \* \* \*

Q. Where did you go from there?

A. I went to Capetown.

Q. And from Capetown?

A. I went back to Johannesburg and took a plane and went to New York City.

Q. What date did you arrive in New York City?

A. I think it was on June the 11th or 12th.

Q. And what did you do after that?

A. I stayed in New York, I think it was two



(Testimony of Louis Russak.)

days, and I went back to Seattle. We came back here.

Q. Now, since your return to Seattle did you go to a doctor?           A. Yes.

Q. Let me go back just a bit, Mr. Russak. When you first saw the doctor on the ship immediately after the accident, did you tell him what happened?

A. Yes.

Q. Do you know whether he made a report of that?           A. He did.

Q. What did you do about that with reference to that report?

A. I asked for that report, a copy.

Q. What did he tell you?

A. He says, "I am sorry, we don't issue any copies here. If you want any information you will have to get it from the main office in New York City from Moore-McCormack. [26]

Q. You did ask for a copy?           A. Yes. [27]

\* \* \* \* \*

Cross Examination   \* \* \* \* \*

Q. (By Mr. McKinstry): What time, approximately, did your accident aboard the ship occur?

A. It was right after dinner. It was probably between 8 and 10 o'clock. I don't remember the exact time, but it was after dinner. It was about 9 o'clock.

Q. Well, could you fix the outside limits for me?

A. Well, we had dinner there and then we came to dress, and then we came over there and spent time to make up our faces. Probably it was about 9 or 10 o'clock.



(Testimony of Louis Russak.)

Q. Would it be fair to say that it occurred sometime between 8 and 10?

A. Yes, I would say that time, yes. [41]

Q. And how soon did the masquerade start?

A. It started as soon as everybody was there and everybody had their costumes on and their faces made up, and it started right away.

Q. Well, can you give me any idea between the period of 8 and 10?

A. It would probably be about, I would say, about 9 o'clock, something like that.

Q. Well, then, your accident did not occur before 9, at least, is that right?

A. I imagine it started before, yes, everything.

Q. Your best recollection is that the masquerade started at 9? A. Between 9 and 10 o'clock.

Q. Were you in another room? A. Yes.

Q. Were you actually a contestant?

A. Yes.

Q. Did you precede or follow Carmen Miranda?

A. Followed.

Q. You followed her? A. Yes.

Q. And what was your part in the contest?

A. Dancing.

Q. Was that actually a part of the contest? [42]

A. Yes. Well, everybody came out with certain dances, different parts, different acts. We were going to dance.

Q. Did your accident occur at the time that you were participating in this contest? A. Yes.

Q. And you had your face blacked so you were

(Testimony of Louis Russak.)

participating as a colored dancer? A. Yes.

Q. And how many other contestants were doing it at the same time?

A. At least—probably ten or twenty couples altogether.

Q. So that the masquerade or the fiesta had not actually terminated at the time that your accident occurred?

A. It terminated right away when they started to go out on the floor, and that is when they started.

Q. Were there people all the way around the dance floor? A. Yes, there was.

Q. Standing up?

A. Some standing up and some sitting down.

Q. And were you in a room adjoining the dance floor?

A. Before we came on to the dance floor, yes.

Q. Approximately how far from the dance floor were you in the room?

A. I would say may be five or six feet, that is all.

Q. Were there several rows of people between you and the dance floor? [43]

A. No, the people were on the other side. There was an entrance where you got to come into the door from the dance place, and there was nobody there as far as—nobody sitting where the entrance was.

Q. At the time that you observed the fruit being passed out, was it being passed out off the dance floor? A. Yes.

(Testimony of Louis Russak.)

Q. To people standing outside the dance floor?

A. Yes. She was going around.

Q. She walked all the way around the dance floor?

A. Yes.

Q. Did you observe her dropping anything?

A. Well, I couldn't say. She was throwing it, and probably some of it dropped. I don't know.

Mr. McKinstry: I move the answer be stricken.

The Court: Yes, it is not responsive.

Q. (By Mr. McKinstry): Did you see any fruit drop on the floor?

A. I didn't at that time when I was standing there.

Q. Did you at any other time?

A. The only time I saw it—no, I didn't, except after the accident happened.

Mr. McKinstry: Well, I move that part of the answer be stricken.

The Court: That is all right. Go ahead. [44]

Q. (By Mr. McKinstry): Were there any children around?

A. Yes, some children watching.

Q. Were there any children on the dance floor at the same time?

A. I don't remember seeing children there.

The Court: It is not clear to me, were you engaged in putting on your act in the contest at the time of your turning your ankle?

The Witness: Yes.

The Court: In other words, you were actually doing your routine, whatever it was?

(Testimony of Louis Russak.)

The Witness: Yes.

The Court: For the judges to see?

The Witness: That is right.

The Court: What kind of routine were you doing?

The Witness: Dancing a Russian dance.

The Court: What do you mean? Was it one of those where you go up and down and squat out?

The Witness: No.

The Court: What kind?

The Witness: Just a very plain dance.

The Court: What kind of plain dance, a plain Russian dance? That might be quite different.

The Witness: No, there is all kinds of them. It was mixed with some American dances. [45]

The Court: How did you do that?

The Witness: Just my wife, she dance like that (indicating).

The Court: Folded your arms?

The Witness: Yes.

The Court: Then what did you do?

The Witness: Nothing, just dancing there too.

\* \* \* \* \*

Q. (By Mr. McKinstry): Now, what did you mean, or what do you mean now when you called it a mixed-up dance?

A. Mixed-up, when you have lots of fun, music playing, and you dance part maybe a little Russian or a little waltz or anything almost. There is no certain steps that you dance most of the time. You dance whatever you feel like.

(Testimony of Louis Russak.)

Q. Were all of the contestants doing a different type of dance out there?

A. Some were doing different dances.

Q. Were all of you trying to perform so as to be selected from your group as the best contestant?

A. Yes.

Q. Is it fair to say that you were doing your best to be selected as the best contestant on the floor?

A. Well, yes, I did, sure.

Q. When you say a "mixed-up" dance, you were trying anything you could think of, then, to gain attention and recognition as the best contestant on the floor?

A. Well, it wasn't really that, because we just had been up for the fun more than anything else, because everybody was taking part in it, and we were together and just having a good time trying to have a good time.

Q. What kind of step were you doing at the time of your accident? [48]

A. It is really hard to tell. I think it was like the Russian dance that they dance, but I didn't jump or anything like that.

Q. How much movement is there to this Russian dance? I am not familiar with it.

A. You just—I am standing in one place almost and dancing a little bit, and my wife dances around me very slowly.

\* \* \* \* \*

Q. (By Mr. McKinstry): Do you move at all in this dance other than just shuffle your feet?



(Testimony of Louis Russak.)

A. Just one little small place there.

Q. Well, you move in a circle you indicated.

A. I move a little bit, not too faraway, and my wife dances around me.

Q. Now, when you moved, do you move to your left or right?      A. Yes.

Q. Which way do you move, to your left or right, or does it make any difference?

A. You can go to your left and right. In other words, you can go back and forth, left and right, right and left.

Q. Do you move around in a circle?

A. Yes.

Q. You actually change the direction you are facing?      A. A little bit, yes.

Q. You don't stay in one spot?

A. You just go back and forth. In other words, you don't stay in one place. It is hard for anybody to stay in one place and dance.

Q. Is it possible you could have been moving around to your left?

A. It could be possible.

Q. Did you have any occasion to notice your feet or your wife's feet or the floor at the time you were performing this dance?

A. No, we usually look straight out.

Q. Now, how did you get from where you got on the dance — first, let me ask you where on the dance floor this [50] occurred, which end?

A. It was in the middle there on the dance floor.

\* \* \* \* \*



(Testimony of Louis Russak.)

Q. And can you give us the approximate size of the dance floor there?

A. Well, I would say possibly 25 by maybe 35, something like that.

Q. Now, with relation to the dance floor, where were you?

A. The room is right here (indicating).

Q. Were people all around here (indicating)?

A. Yes.

Q. Roughly how many people were there?

A. I would say possibly several hundred.

Q. Now, when you came out on the dance floor, where did you go, which direction?

A. Well, we went up in here (indicating), and then we came out. They called our number. I think we were seventeen couples. We come out right through this door here (indicating), and we came in here to dance right here (indicating).

Q. Is that the area in which you danced?

A. Yes, in this part right here (indicating).

Q. Now, was all your dancing done in that area?

A. In that area, yes.

Q. Now, in that area were these other twenty or thirty couples dancing also?

A. After we got through some people were standing up on the side.

Q. Did they dance, one contestant at a time, or two?

A. One or two at a time.

Q. Now, at the time you were out in the floor dancing, how many other couples were dancing with you?

(Testimony of Louis Russak.)

A. There were several. I don't remember exactly. It was several couples there. I couldn't—I didn't count them. I don't remember how many it was, but there were some people there. [52]

Q. Can you indicate where in relation to our diagram the accident occurred?

A. It occurred right here somewhere, right here (indicating).

Q. Now, at the time this occurred, were all of these people watching you?

A. Yes, I guess they were.

Q. As far as you know, did they observe you slip?           A. I imagine they did.

Q. Do you know the names of any witnesses or persons?           A. Yes, I do.

Mr. Levinson: Well, just a minute. I don't think that is proper cross examination. That may be properly a subject of examination on a deposition, but I don't believe it is proper cross examination unless there is some relationship to establish some close relationship where we could establish for them not being there.

The Court: That is the only thing I was thinking about.

Mr. Levinson: If he limits it to someone close to him.

The Court: Well, actually, we haven't finished the question. He started out and Mr. Russak broke in on it, and I don't know that he finished the thought. Put a new question and let's see whether [53] there is any improvement.

(Testimony of Louis Russak.)

Q. (By Mr. McKinstry): Of your own knowledge, as distinguished from what someone may have told you, do you know of any persons that actually saw you fall? A. Yes.

Q. Who are they?

A. Well, they are people—the ones in New York City, some in Buenos Aires.

Q. Were you shuffling all the way around in that area, or did you do more than one kind of a dance in getting around to that spot?

A. Well, the dance was—we were standing in, I would say, probably six or seven feet, you know, in on the floor where we were dancing.

Q. So that you were not farther away from the spot where you slipped than six or seven feet at any time? A. Yes.

Q. And you shuffled around in that area?

A. Yes.

Q. Now, is it true, Mr. Russak, this was a very little slip, a very slight slip?

A. Well, I don't know what you mean by a slight slip.

Q. Is it fair to characterize it as a slipping a little bit?

A. My foot slipped. I don't know how little it was, and I was trying to control myself not to go down on the floor. [54]

Q. Well, I would like to have you refer to your deposition again, page 16 this time, and line 4. Did I ask you, "Do you know from talking around afterwards of anyone who saw this?" A. Yes.

(Testimony of Louis Russak.)

Q. And your answer, "Well, after there was quite a few people saw it, you know, and of course, they didn't know. You know, a person can slip a little bit and people don't pay any attention to it."

Was that your testimony? A. Yes.

Q. And did I ask you was that more or less what happened to you? A. Yes.

Q. And did you give the answer, "Yes"?

A. Yes.

Q. So then is it true that it was a very little slip? A. Yes.

Mr. Levinson: He is not asking you about the deposition any more.

The Witness: Really, I don't know what it means, a little or a big one. I slipped. I don't know whether it was little or big.

Q. (By Mr. McKinstry): You do admit that at the time of your oral discovery deposition you characterized it as "slipped [55] a little bit"?

A. Could be. Yes, it could be a little slip.

Q. Do you admit that you so testified on your oral discovery? A. Yes, I am sure I did.

Q. And did you also state as indicated there that it was such a little slip that nobody would notice it?

Mr. Levinson: That is argumentative, your Honor.

The Court: Well, if it is in there and he remembered it so, that is it. There is no use of going back and forth over it.

Q. (By Mr. McKinstry): It is your testimony

(Testimony of Louis Russak.)

here that all of this occurred before the contest ended?      A. Before the contest ended.

Q. Would you refer to page 25, please, line 4, "But you say that went on for about two hours until 10 o'clock and then you started to dance?"

Did I ask you that question?      A. Yes.

Q. And did you give the answer, "The whole thing took somewhere around an hour and a half or two hours"?

A. Yes. I don't remember exactly the time.

Q. And then, "Everybody started to dance"?

A. Yes.

Q. Did you so testify?

A. Yes, that's right. [56]

Q. Did I ask you, "Did you start to dance as soon as the band started"?

A. Yes.

Q. And did you answer, "Yes"?

A. Yes.

Q. Did you testify then, that as soon as this was over that the dancing started and you yourself started to dance after the masquerade was over?

Mr. Levinson: Are you now referring to this?

Q. (By Mr. McKinstry): First, did you so testify in oral discovery?

The Court: No, back up now, counsel, just read the text, counsel, and you follow, Mr. Russak. He is going to ask you if you so testified. Let's not get confused. Let him read lines so and so.

Q. (By Mr. McKinstry): Read line—commencing on 7.

A. Yes. "Two hours." I don't remember exactly the time when everybody started to dance.



(Testimony of Louis Russak.)

Q. And then everybody started to dance?

A. And then everybody started to dance. But I say I don't remember exactly the time.

Q. The next question and answer. Did you so testify? "Did you start to dance as soon as the band started?" You answered, "Yes."

A. Yes. [57]

Q. Is it your testimony that you first started to dance when everybody else started to dance after the masquerade?

A. No. You see, while we were in the room they called our number, I think it was 17, and as soon as we got in they announced, "Mr. and Mrs. Louie Russak," and the band started to play and we started to dance.

The Court: In the competition?

The Witness: Yes.

Q. (By Mr. McKinstry): I don't want to belabor this, but I think they are different and I would like to find out what the explanation is.

The Court: If there is something different in the text you can argue it to me later. This is what he says his version of it is now.

Mr. McKinstry: Can I ask him if he intends something different now than what he testified to on his oral discovery?

The Court: Yes, you can. I think we have covered the ground pretty thoroughly, but go ahead and ask him.

Q. (By Mr. McKinstry): Having refreshed your recollection by what you testified to on your



(Testimony of Louis Russak.)

oral discovery on page 25, is your testimony here today different than it was at that time?

A. I don't think so. It could be maybe I didn't understand [58] you, what it means when you "start to dance."

Q. That would be the only explanation you have, is that it?

A. We started to dance as soon as they called our number and name, and we came out and the music started to play and we started to dance.

Q. Do you recall any children being on the dance floor?      A. Well, maybe there was.

Mr. Levinson: That has been covered, your Honor.

Q. (By Mr. McKinstry): Let's refer to page 14, then, on line 22. Did I ask you, "How crowded was the dance floor," line 23, and did you answer, "Well, quite a few people were there. There were lots of children, and there were a lot of children there, you know, on the floor, and there may have been twenty or thirty people there, I would say."

A. Yes.

Q. So your best recollection is there were a lot of children as well as adults on the dance floor?

A. Yes, there was.

Q. Do you have any direct knowledge of your own by way of observation yourself as to how, whatever you slipped on, came to be on the floor?

A. Yes, I think I could.

The Court: You use words that throw him. Did

(Testimony of Louis Russak.)

you see yourself anything dropped on the floor in the [59] area where you later slipped?

The Witness: If I had seen it?

The Court: Did you yourself see anything dropped there?

The Witness: Well, yes.

Q. (By Mr. McKinstry): That is contrary to what you told us before.

Mr. Levinson: Do you understand the question? I am sorry, I don't mean to interrupt.

The Court: It may be he misunderstood. Now, Mr. Russak, listen carefully.

The Witness: Yes, your Honor.

The Court: Did you see yourself anything drop at that place?

The Witness: Before we came out?

The Court: Before you came out.

The Witness: No, I didn't.

Q. (By Mr. McKinstry): How much time did you spend looking at the area where you say you slipped? A. Not very much, very little.

Q. What was the color of the substance, if any, on the floor?

A. Well, it was something like grey colored, grey or brown, that kind of color it was.

Q. Do I understand it was either grey or brown?

A. Yes, mixed, I think it was. [60]

Q. Did you look anywhere else on the dance floor? A. No, I didn't look.

Q. So then you observed no other substance anywhere else on the dance floor?

(Testimony of Louis Russak.)

A. There was no reason for me to look on the floor after I got hurt. I went in the back to sit down to take the pressure from my foot.

Q. Was there any drinking at the party?

A. Not that I seen any drinking there. Maybe some people did, but I couldn't see it.

Q. Is it fair to characterize it as a rather festive occasion aboard one of these vessels?

A. What do you mean?

Q. Is it a big party aboard the ship for the trip?

A. There is quite a few of them, yes.

Q. I don't think you understand. Of all the things that go on aboard the ship, would you characterize this as the big party affair of the ship?

A. I think it is one of the happiest one where people have lots of fun.

Q. And you have no knowledge of your own as to whether there was any drinking to any extent?

A. Of course, I couldn't because I hadn't seen any drinking. There was no drinking there.

Q. Now, do you know whether there was any powder or anything [61] on the floor to make it easier to dance?

A. Well, to be honest, I don't remember that because we were in the other room, and what they did to the floor before, I can't tell because I didn't see it.

Q. Did you have any difficulty moving your feet over the floor?

A. No. It was just like regular dancing.

(Testimony of Louis Russak.)

Q. Have you ever fallen down on a dance floor?

A. Never in my life.

Q. Have you ever been on dance floors that have been highly waxed that had powder on it?

Mr. Levinson: That is argumentative, your Honor.

The Court: Yes, I think it is. It is beyond the scope of the direct.

Q. (By Mr. McKinstry): When you say you didn't spend much time looking at the spot, would you say it was just a glance?

A. I saw what it was and I started to go back because my foot hurt me so bad.

Q. Did you go back there after at any time to look at it?           A. No, I didn't. [62]

\* \* \* \* \*

### Redirect Examination

Q. (By Mr. Levinson): Coming back to your deposition on page 25 that you have there, did you also testify as follows, beginning on page 12, line—no, page 25, line 12, you said, "Yes, I was dancing when they started the dancing." Question: "That would have been some hour or so after this girl with the basket was on the floor," and your answer, "Probably. I would say a half an hour or an hour afterwards, something like that."

Did you so testify to Mr. McKinstry?

A. Yes.

Mr. Levinson: That is all.

The Court: That is all, Mr. Russak. You may step down.

(Witness excused.) [64]

## DEANNA RUSSAK

called as a witness on behalf of the plaintiff, being first duly sworn, was examined, and testified as follows:

## Direct Examination

Q. (By Mr. Levinson): Will you state your name, please?      A. Deanna Russak.

Q. And where do you live, Mrs. Russak?

A. 2549 - 29th South.

Q. And you are the wife of Louis Russak?

A. Yes. [65]

\* \* \* \* \*

Q. (By Mr. Levinson): Now, Mrs. Russak, will you go ahead and tell the Judge just in your own words about the party that night? What was going on at the party before you went in to dance? Just tell the Judge.

A. Well, there were about sixteen or seventeen couples went on dancing, and so to go from there, there are doors about as large as this here (indicating), and we were supposed to be next. But before us was a young lady and a few more before we went.

Q. You will have to speak up.

A. Carmen Miranda, and she was throwing grapes in the corners for the people to catch. But they unfortunately didn't catch all the grapes because——

Mr. McKinstry: Just a minute.

The Court: Don't speculate. Tell us just what you saw. Go ahead. This girl was throwing grapes. Go ahead from there.

(Testimony of Deanna Russak.)

Mr. McKinstry: May I make a statement and move the part based upon conjecture be stricken?

The Court: Oh, yes, of course.

Q. (By Mr. Levinson): What happened afterwards? A. Then we went—we went in.

Q. About how long afterwards?

A. About fifteen or twenty minutes after. There were a few other couples went on.

Q. What kind of dance were you and your husband doing?

A. Well, our dance was a Russian “Kazotska” and a few other steps.

The Court: How do you do that?

The Witness: You don’t want me to do it right now, do you?

The Court: You crossed your arms or folded your arms, apparently?

The Witness: Yes.

The Court: What did you do with your feet and body in this dance?

The Witness: Well, you throw your feet out.

The Court: Throw them up in what way? Can you describe it more?

The Witness: Well, just little steps, throw your foot up, you know.

The Court: That doesn’t help me. You say, “you know.” I don’t know. I want you to tell me.

The Witness: He was dancing and I was going around him. [68]

Q. (By Mr. Levinson): You go around him?



(Testimony of Deanna Russak.)

A. Yes. Then I noticed he couldn't step. He slipped.

Q. Before we come to that, we want to know what kind of dance this is.

A. Well, just one of those little steps. You just go up on one foot, and I was dancing around him.

The Court: We want to know about this foot action. That is what we are here for.

The Witness: You know how you throw one foot up and the other one up.

Q. (By Mr. Levinson): Does he kick it high?

A. Not too high. Just, you know, a man don't usually get them too high, and then he just slipped.

The Court: Is this dance where you bend your knees and go down?

The Witness: No.

The Court: The Cossack dance.

The Witness: It's lucky he didn't dance that part.

The Court: That is not the kind of dance you are talking about?

The Witness: It is, but he didn't get to that part because the dance didn't last that long.

Q. (By Mr. Levinson): Then what happened?

A. I was dancing around him and I noticed he couldn't move [69] his foot, he slipped.

Q. What did you do about holding him?

A. I was dancing around him, and I got him—you know, my shoulder, and I took him back to the seat.

(Testimony of Deanna Russak.)

Q. At that time did you look to see what was there on the floor?

A. No. I was too concerned about him because he was in pain.

Q. Did you see anything on the floor yourself at that time?

A. I didn't bother seeing anything. I only watched that he should sit by the chair and see what was the matter.

Q. What happened when he got back to the chair?

A. He said he was going to change his clothes.

Q. What did he do about his shoe?

A. I think he come down there, and he took his shoe off right away.

Q. Did anybody come over?

A. Oh, yes, the cruise director.

Q. Did you say anything or did he say anything to the cruise director in front of you as to what happened?

A. Well, he said he hurt himself.

Q. Did he say why?

A. Well, I don't remember, it is so long ago. He went in in a few minutes and took pictures and wanted to see what it was, and it was about a spot as big as that (indicating) from a few grapes. [70]

Q. Who said that?

A. Well, the cruise director that was right there.

Q. What did the cruise director say?

A. He said——

Mr. McKinstry: I object.

(Testimony of Deanna Russak.)

The Witness: He said, "I will see this will never happen again."

The Court: Overruled.

The Witness: "We won't allow any more dances with Carmen Miranda throwing grapes." [71]

\* \* \* \* \*

ROBERT B. KAYSER

called as witness on behalf of the defendant, being first duly sworn, was examined, and testified as follows:

The Clerk: Please state your full name and spell your last name.

The Witness: Robert B. Kayser, K-a-y-s-e-r.

Direct Examination

Q. (By Mr. McKinstry): Your present residence address?

A. Fairmont Hospital, San Leandro, California.

Q. What is your profession, sir?

A. I am a physician.

Q. Are you presently a duly licensed and practicing physician?      A. I am.

Q. In what state?

A. The States of California and New York.

\* \* \* \* \*

Q. Did you have occasion to serve as a doctor aboard the vessel S.S. Argentina under the employ of Moore-McCormack Lines?      A. I did.

Q. During what period of time did you serve in that capacity?

(Testimony of Robert B. Kayser.)

A. I served in the capacity of Ship's Surgeon from March 14 to November 18, 1957. [83]

Q. And in that capacity what were your duties aboard the vessel *Argentina*?

A. To render medical care to passengers and crew.

Q. And at my request have you come from California for the purpose of testifying here at this trial?      A. I have.

Q. Are you presently employed by Moore-McCormack?      A. No.

\* \* \* \* \*

Q. Now, directing your attention to March 22, 1957, do you recall a party that was held aboard the vessel *Argentina*?      A. I do.

Q. Would you describe for the record the nature of that party that was held at that time?

A. Well, this is a costume party that is given northbound and southbound where the passengers are invited to [84] participate in various costumes and minor acts, and it is a gala evening, actually, is what it is.

Q. How would you describe it with respect to the other types of entertainment that go on aboard the vessel during the period of the cruise?

A. Well, this is one of the bigger nights of entertainment. This probably ranks second to the Captain's farewell dinner which is held the night before *Rio*.

Q. Were you present on the evening when this

(Testimony of Robert B. Kayser.)

occasion occurred when this festive occasion took place?      A. I was.

Q. Do you call it a name for the type of affair?

A. Just a costume party is all I recall.

Q. Approximately what period of time does—or did the costume party cover on the date of March 22, 1957?

A. Approximately 9:15 to 11 as well as I can remember.

Q. Do you recall whether or not you were present?      A. I was present.

Q. Now, during that time were you a witness to any accident occurring to the plaintiff, Mr. Rusak?      A. I was not.

Q. Did you witness any accident or injury occurring during the time you were there?

A. I did not.

Q. Who of the ship's personnel was present that night at the [85] dance floor or about the dance floor on the first class lounge?

A. Besides myself there was a lounge steward, the cruise directress, possibly another lounge steward, and as to the executive officers, I am sure some were there, but I don't recall exactly who was. To the best of my knowledge I can't recall.

Q. What are the duties of the lounge stewards who were present?

A. Well, the lounge stewards are there for several reasons——

Mr. Levinson: I don't believe this man is quali-

(Testimony of Robert B. Kayser.)

fied to establish those duties. Apparently this was his first trip on that ship.

Th Court: We don't know about that. You might bring that out.

Mr. Levinson: He gave his series of employment.

The Court: We don't know about his knowledge.

Q. (By Mr. McKinstry): Doctor, do you have knowledge as to the duties of a lounge steward with respect to the masquerade party that takes place aboard the vessel? A. I do.

Q. Do you have knowledge as to what those duties were generally on the evening of March 22, 1957?

The Court: You are not to state what they were, but do you have such knowledge? [86]

The Witness: I have such.

Q. (By Mr. McKinstry): Now, what——

Mr. Levinson: May I ask a preliminary question on voir dire?

The Court: Just his blanket statement that he has such knowledge is not sufficient. Do you want to voir dire?

Mr. Levinson: Yes, on this alone, your Honor.

The Court: All right.

#### Examination On Voir Dire

Q. (By Mr. Levinson): I understand you joined the ship on the 14th of March, 1957, and this incident which occurred on this vessel which is the subject of this lawsuit, occurred on your first trip?

A. Yes.



(Testimony of Robert B. Kayser.)

Q. You joined it in the capacity as a ship's surgeon?      A. Yes.

Q. Were you instructed when you joined it as to any of the duties of the other officers of the ship? The question is, were you instructed?

A. No.

Q. Were you given any information as to the duties of any of the other members of the crew? [87]

A. No.

Q. Did you receive any written documents which gave the instructions of other members of the crew?

A. I did not.

Q. Then, your only knowledge that you have is in connection with your service on that ship at that time?      A. Observation.

Q. And your duty, however, is that of a ship's surgeon?      A. Yes, sir.

Q. And you maintained your office on that vessel?      A. I do.

Q. And most of your duty is performed in your offices, is it not, sir, unless you are called to see a passenger or a crew member?

A. Well, the office is open at certain times, and I frequently made cabin calls, yes.

Q. You made cabin calls?      A. Yes.

Q. And you have no other relationship, then, officially with the crew?

A. I am frequently responsible to the Captain. I am directly responsible for health and maintenance of the ship as far as public health, food, et cetera, is concerned.

(Testimony of Robert B. Kayser.)

Q. Do you check the conditions of the galley as to standards of cleanliness? [88]

A. That's right.

Q. Have you any duty in connection with the dance in the main lounge?      A. I did not, no.

Q. And, then you have no official connection with any of the stewards in the main lounge, do you, sir?      A. Other than——

Q. Fellow crew members?      A. No.

Mr. Levinson: I renew my objection, your Honor.

The Court: It isn't quite clear to me yet, where did you get your knowledge of the duties, or how did you get the knowledge of the duties of the steward in the salon during this party?

The Witness: Well, as ship's surgeon I am expected to socialize with the passengers, and I became very friendly with one particular lounge steward by the name of Roberto, and frequently I talked to him and picked these various things up, mainly by association than anything else.

The Court: Well, it is a narrow question. I will let the proof go in, and we will concern ourselves with whether it is a matter of weight or admissibility.

Mr. Levinson: Will your Honor note an objection? [89]

The Court: Yes, of course.

Q. (By Mr. McKinstry): In addition to what you have just mentioned, have you from time to time observed the lounge steward yourself in the

(Testimony of Robert B. Kayser.)

performance of his duties in connection with the masquerade party?      A. I have.

Q. Now, based upon the knowledge which you have, would you state what the duties of a lounge steward are with respect of the party insofar as you know yourself?      A. At present?

Mr. Levinson: The same objection.

The Court: Same ruling.

The Witness: At present?

Q. (By Mr. McKinstry): Yes.

A. Well, the duties of a lounge steward are to serve drinks to the passengers when requested; to assist the cruise director with lighting; to take care of maintenance of the entire salon as the situation arises.

Q. What, if any, duties does the lounge steward have with respect of the cleaning of the dance floor in the event any substances are spilled on the dance floor?

A. From my previous experience, when anything is spilled on the dance floor, it is cleaned up immediately.

Mr. Levinson: That is objected to as not responsive, your Honor.

The Court: I understand that. It is just the form of language that you are using, Doctor. You have your language in your profession and we have it in our profession as well. It is not directly responsive. By whom is that cleaning up done?

The Witness: The lounge stewards. May I make a qualification; the room is cleaned up after

(Testimony of Robert B. Kayser.)

hours and after everybody has gone to bed by a porter. The lounge steward is to be on the job usually while passengers are in the main salon.

Q. (By Mr. McKinstry): Is there some distinction in time as to the cleaning-up work performed by the lounge steward and the clean-up work performed by the night porter?

A. The night porter doesn't come on until after the salon has been cleared of passengers.

Q. Was a lounge steward present in attendance on March 22, 1957, at the masquerade party?

A. He was.

Q. And how are you aware of that fact?

A. Because I was taking pictures in the back of the salon, and he was standing next to me during part of this procedure. He was in attendance at all times.

Q. How many contestants, approximately, were engaged in this party?

A. Well, to the best of my knowledge, I would say—recalling anywhere from thirty to thirty-five.

Q. During the time that the contestants are performing, were any of the passengers permitted on the dance floor?

A. Would you rephrase that again?

Q. If you know, during the time that this contest was in progress, were any passengers who were not actually contestants permitted to be on the dance floor?

A. No, other than the cruise director.

(Testimony of Robert B. Kayser.)

Q. Now, where was the cruise director and what were his functions?

A. Well, his function is a matter of a Master of Ceremonies, and he is by the bandstand down towards the band. He is on the dance floor.

Q. What, if anything, occurs, based upon on your experience and observations, when something is spilled on the dance floor during the course of one of these contests?

Mr. Levinson: That is objected to as not material in this instance. His general statement of what may have happened is not material.

The Court: Well, I suppose if you say what is a general practice or something of that kind, by that qualification it would be admissible. You may answer, if there is a general practice about it.

Mr. Levinson: I would like to note my objection as to the general practice too, because that is not, if I may give the reason very briefly, that practice is not the standard of care to apply.

The Court: Oh, no, of course not, not for that purpose. But it may have some probative value for other issues in the case. You may answer. What is the practice?

The Witness: Well, the general practice is when anything is spilled on the dance floor, such as water, which frequently happens, et cetera, there is a lounge steward there to clean it up immediately.

Q. (By Mr. McKinstry): What is the general practice with respect to stopping the contest or



(Testimony of Robert B. Kayser.)

doing anything along that line in terms of permitting the lounge steward to be able to do that?

Mr. Levinson: Same objection.

The Court: Same ruling. You may answer.

The Witness: From what I have previously observed, it is the general practice to—if a solution such as water is spilled on the dance floor, it is cleaned up before the show goes on.

Q. (By Mr. McKinstry): From where you were during the course of the dance, could you observe the dance floor? A. I was taking pictures.

Q. Were you taking pictures of the various contestants? A. The various contestants.

Q. Did you notice any substances such as grapes or anything else on the floor? A. No.

Q. At any time during the progress of that evening's contest, do you recall whether it was necessary to stop the proceedings for purposes of a clean up? A. I don't recall, no.

Q. Do you think that if such had occurred it would have caused you to remember it at this time?

Mr. Levinson: Objected to as argumentative.

The Court: Yes. It is a conclusion.

Q. (By Mr. McKinstry): What occurs after the contest is concluded with respect to the entertainment of the passengers?

A. Well, the lounge is kept open for the people who want to dance after the festivities, the actual program is over. There is dancing up to a specified time.

Q. What is the specified time, if you recall?



(Testimony of Robert B. Kayser.)

A. As I recall, they close sharp at 1 o'clock in the morning.

Q. Does the band remain in attendance for those who wish to dance until that time?

A. They do.

Q. Do you recall when you left the lounge area on March 22?

A. Well, I remained until the actual program was over. I don't recall exactly what time I left.

Q. Do you recall seeing Mr. Russak as a contestant or Mrs. Russak as a contestant?

A. I do not.

Q. Do you recall an act that involved black-faced dancers made up?      A. I don't.

Q. Do you recall anyone doing a Russian dance of any kind?

A. I have a vague recollection—I can't be certain as to whether it was this voyage. I see so many costumes and I see so many people in various get-ups. I do remember vaguely seeing something like that, but I can't say whether this was the voyage or not.

Q. Were you in a position through out the evening to have observed had a contestant slipped and fallen?

Mr. Levinson: That is objected to as calling for a conclusion, and his own testimony is that he was taking pictures.

The Court: Well, that is the weight——

The Witness: Yes.

(Testimony of Robert B. Kayser.)

The Court: All right. He answered. It may stand for such weight as it has.

Q. (By Mr. McKinstry): Do you recall when you first were notified, approximately, as to an incident occurring to Mr. Russak?

A. Oh, it must have been between the hours of 12 and 1. [95]

Q. Do you recall who notified you?

A. The nurse through a bellboy.

Q. Do you recall where you were at that time?

A. I do not.

Q. What did you do then?

A. I reported to the hospital.

Q. And did you examine Mr. Russak at that time? A. I did.

Q. What did you observe with respect of his foot at that time?

A. Well, he had minimal pain and minimal swelling over the lateral aspect of his left foot, as I recall.

Q. Would that be with reference to the toes or the body of the foot?

A. Well, it would be to the base of the toes actually, the main body. It is where the junction is, in that area.

Q. Based upon what he told you, do you have any idea of how much time had expired between the incident and his reporting to you?

A. Well, as I recall, he reported at approximately 12:30, and I must have seen him sometime

(Testimony of Robert B. Kayser.)

between 12:30 and 1 because it takes a certain amount of time——

Q. Did he say when this had occurred?

A. I do not recall, no.

Q. Do you know whether or not he reported to you immediately? [96]

A. I can't answer that.

Q. What was your diagnosis based upon what you observed?

A. My diagnosis was a minor sprain. The findings were not indicative of any serious pathology. I didn't think it was anything serious.

Q. Did you suggest that he should soak his foot?

A. I suggested he walk on his heel with as little weight bearing on it as possible, and I don't recall whether I told him to soak it or not.

Q. What subsequently occurred in terms of treatment furnished?

A. Well, I saw Mr. Russak the next morning. I had told him to come back and we would take a look at it, and there was at that time present very marked swelling. There was also, I can't use the word, echinosis under the skin, minimal, and at that time I became suspicious of a possible fracture and recommended he use crutches, hot soaks, and we would x-ray it on stopping at the next port. We didn't have x-ray on board.

Q. How soon thereafter did that take place?

A. The x-rays were taken at Bahia. I don't recall when we arrived. I think it was around the 25th or the 26th.

(Testimony of Robert B. Kayser.)

Q. Did you treat him thereafter?

A. A doctor in Bahia took the x-rays, and there was a fracture. Upon arrival back to the ship, as I recall, we put a cast on the foot. [100]

\* \* \* \* \*

Cross Examination

Q. (By Mr .Levinson): Dr. Kayser, as a ship's surgeon on your office hours when you are not acting as a surgeon, it is part of your job to mix with the passengers, isn't it? A. Yes.

Q. You have certain social functions that you take care of? A. Yes.

Q. Usually on a ship of this type the unattached ladies are quite interested in the ship's doctor?

A. On this voyage there wasn't anything very interesting.

Q. Doctor, your presence on the night of this gala party wasn't in any official capacity except with mixing with the passengers?

A. As an observer, and being my first trip I wanted some pictures.

Q. And you were much concerned with the pictures?

A. Not too much. I had my camera there for what I thought was worth while taking.

Q. And you were not concerned with the condition of the floor or what was going on at that time, were you?

A. At this time, normally from my previous experience and future voyages, I frequently would tell the lounge steward, if I saw something, to clean

(Testimony of Robert B. Kayser.)

it up, as did the cruise director. This voyage I saw nothing. [101]

Q. So you were just there with your camera taking some pictures? A. That's right.

Q. And you have no recollection, as a matter of fact, of the Russaks at that time? They were just two of how many passengers?

A. The whole boat. I think we had a full complement boat of first-class passengers.

Q. And most of them were in the lounge?

A. Most of them were in the lounge.

Q. And, Doctor, do you recall anyone who acted as Carmen Miranda? A. I do not.

Q. That is not an unusual costume from your experience as you later learned, that some girl decides she wants to be a South American beauty and goes around with a basket of fruit?

A. I don't recall a Carmen Miranda.

Q. Do you recall any of them with a native costume and a basket of fruit at any time?

A. I recall one, not as a native, but Nero and his daughter. She carried fruit. That is all.

Q. And passed it around among the passengers?

A. No, I don't recall that.

Q. There could have been one that evening and you probably [102] would have no recollection of it? A. That is being fair.

Q. Now, Doctor, the steward, Roberto, is he still on the ship?

A. No, he left us one or two voyages later.

Q. But he was on the ship? A. Yes.



(Testimony of Robert B. Kayser.)

Q. And the cruise director, do you know whether he is still on the ship?

A. The cruise director, the last I heard, is still on the ship.

Q. And his wife, I assume?

A. He is a single man.

Q. Or the assistant cruise director, the woman, is she still on the ship?

A. To my last knowledge.

Q. They were around all the time?      A. Yes.

Q. That is their job?      A. Yes.

Q. Now, Doctor, you keep a medical log, don't you, on that ship?      A. I do.

Q. And you report all that occurs with reference to your job, isn't that right, medically? [103]

A. I do.

Q. Now, when you were notified of the accident, the bellboy had to go find you? You weren't in your quarters all the time and weren't expected to be?

A. I don't recall where I was.

Q. How do you fix the time of 12:30 or quarter after 12?

A. Well, I briefly reviewed the logs, my own logs, for my own edification. I don't recall minor facts.

Q. You reviewed them with Mr. McKinstry?

A. Yes.

Q. And other than that, it would have been difficult to remember the time, wouldn't it?

A. Well, I happened to remember the time because I was either just getting ready to go to bed



(Testimony of Robert B. Kayser.)

or was headed that way, but I remember it was late. It was after the main event was over.

Q. You, of course, had some discussion with Mr. Russak at that time?      A. I did.

Q. Asking the circumstances and all of that?

A. Yes.

Q. And there was some complaint, the complaint about his foot?

A. There was. He had pain in his foot.

Q. There wasn't any question in your mind that it was painful? [104]

A. It was painful, sure, but every pain is a subjective thing.

Q. And different people have different evidence of it? Some are very phlegmatic and some more noticeable?      A. Surely.

Q. And, Doctor, when you saw him the next day, you were then a little concerned? You realized there was something more than just a sprain?

A. Well, until the time the x-ray was taken I wasn't sure whether there was a fracture or not. I was giving him the benefit of the doubt because frequently sprains can mimic fractures and fractures can mimic sprains.

Q. And the following day there was no question but that he was suffering a great deal of pain?

A. I think he had a moderate amount of pain.

Q. And that was true up to the time that you casted it when you left Bahia, or did you cast it before?

(Testimony of Robert B. Kayser.)

A. We casted it after we left Bahia, if my memory serves me right.

Q. There was no cast on it, to your recollection, between the time of the accident—— A. No.

Q. When you don't cast a foot that you subsequently learn is broken, any movement is quite painful, isn't it?

A. You are getting into the field of medicine.

Q. I would like to find something out about it.

A. This is a relative subjective thing. [106]

Q. Pain is?

\* \* \* \* \*

Q. Now, when you got to Buenos Aires, you were sufficiently concerned to suggest to the claims agent or to Moore-McCormack that the steamship company—that he have some real adequate treatment with the proper casting by an [107] orthopedic man? A. Rephrase that for me.

Q. All right. When you arrived——

The Court: There was a subtlety, and I was wondering whether you meant it and he got it.

The Witness: I got it.

Q. (By Mr. Levinson): When you got to Rio you thought that Mr. Russak should have some care and orthopedic treatment?

A. Well, Mr. Russak is kind of a labile individual as far as pain is concerned, and I took him to an orthopedic man to cover myself. This is a matter of calling in consultation to be sure.

Q. Well, this really wasn't a consultation be-

(Testimony of Robert B. Kayser.)

cause you had nothing to do with it after you got to Buenos Aires.

A. As long as he is on the ship he is my responsibility. When he leaves the ship he is not.

Q. When he left the ship it was your idea he get some further treatment? A. Yes.

Q. What was the reason that you thought he should receive some further attention?

A. Because he had been having trouble with this cast. Apparently it had been bothering him. He was quite concerned, and I turned him over to our claims agent. [108]

\* \* \* \* \*

Q. Well, Doctor, as far as you were concerned, you were through when you turned him over to the claims agent in Buenos Aires, and you sent your report along with him? A. Yes.

Q. And you did send along a report?

A. Yes. [109]

\* \* \* \* \*

### Examination

Q. (By the Court): Doctor, either at the time that you first saw Mr. Russak or any of the times you were treating him there on the ship, did he make any statement to you concerning how it came about that he sustained this injury?

A. I vaguely remember something about grapes, at a later date. This was not brought out at my initial visit which was approximately between 12:30 and 1. May I explain; the nurse, when a patient comes in, especially an injury to someone, a pas-

(Testimony of Robert B. Kayser.)

senger on the boat, takes a statement from the passenger in the passenger's own words. [110]

Q. That is what I was going to ask you. Isn't it a practice—or is it a practice to take a statement from the injured person at the earliest time feasible? A. This was done.

Q. And such was done, was it? A. Yes.

The Court: That is all.

Mr. Levinson: Nothing further.

Redirect Examination

Q. (By Mr. McKinstry): In connection with those statements and the records made to the nurse, you had occasion to review those records? Did you review those records or photostatic copies of those records? A. Yes.

Q. Was anything said in the records upon his first contacting the nurse about slipping on a grape?

Mr. Levinson: Objected to.

The Court: Sustained. The record itself, of course, is the best evidence.

The Witness: No.

The Court: The answer is stricken. That is all. Is there anything further?

Mr. McKinstry: No, your Honor. [111]

\* \* \* \* \*

Mr. McKinstry: If it please the Court, I have no further witnesses. I would like, with the Court's permission, to have the oral discovery marked as an exhibit and offered as our evidence of the facts as distinguished from impeachment purposes. I

think under the rule that I am entitled to have that offered into evidence as evidence.

The Court: I don't think so, Mr. McKinstry. Where the witness is on hand and available to testify and takes the stand, he must be interrogated [121] firsthand, and if there be anything in his previous testimony that counsel contends is impeaching or varies from what he then says, that portion of the testimony may be offered. But just to offer the transcript as a whole is, in my judgment, not proper practice.

Mr. Levinson: I am going to object to that for the record.

The Court: And I am sustaining it at the same time.

Mr. McKinstry: May I ask if your Honor's ruling is that I would have to pick out certain portions to offer as evidence?

The Court: The thing you would have had to have done, while the witness was on the stand, to interrogate him about anything in the transcript that you considered was at variance with his testimony here, and if you desired to interrogate him about subject matter not directly covered in the direct examination, you could do that first, and see what he says about it, and then if he says something about it that is at variance with the transcript, you could confront him with the transcript. That is the due and ancient form in cases made and provided.

Mr. McKinstry: If I may have an objection



[122] noted because I would like to offer it as evidence as distinguished from——

The Court: You have done that, and I have denied it. Exception allowed.

Mr. McKinstry: Should I have it marked and offered and refused?

The Court: As you please. It is a part of the record without it. But you can do as you please about it. Make it an exhibit number, please.

The Clerk: Defendant's Exhibit A has been marked for identification.

[See page 82.]

The Court: This is the exhibit to which reference was just made and the offer and rejection.

\* \* \* \* \*

The Court: Of course, the evidence is far from as satisfactory, clear, and definite as all of us, the plaintiff, the defense, and the Court might wish. This is a weakness, if you want to call it that, inherent in a case of this kind. I suppose that I have handled hundreds of them and I have tried dozens of them and feel some familiarity with the practicalities of such a case.

Russak and his wife were at the ship fiesta having a good time. That is what they paid their cruise passage money for. The party was arranged as a gala affair with the idea that people could be care-free and have fun, frolic about, and even do the kazotska dance. Suddenly an incident like this happens, and, of course, they happen not infrequently. The person injured in such an incident isn't going to stop and minutely examine conditions and



get photographs thereof. He is going to look down to see what caused his injury, and seeing something there, is going to look at it. But his ankle is pain-ing him, and he goes over and gets out of the way of other performers and hopes that by the next round he will be able to answer the bell. It is a perfectly natural, normal reaction.

Unfortunately, it leaves the proof about the situation somewhat vague and not near as clear-cut and satisfactory as it might be, especially if the witnesses are honest. If they are not honest, the evidence often is remarkably clear, sharp, [124] and specific. Things are remembered much more sharply and clearly. In some cases the very positiveness of the proof becomes a matter of suspicion.

Under the evidence in this case, I think I would have no right at all to question the fact that there was some foreign substance on the floor. I don't think there is anything inherently incredible about the testimony of Mr. Russak. The Russaks appeal to me as being as frank and objective as litigants in this kind of a case can be expected to be. The fact that the evidence shows a report was made about this incident at the time, which report has not been produced by defendant, requires me to find that there was some foreign substance on the floor where Russak slipped, and that in all possibility it was a foreign substance similar to grapes.

That, of course, does not establish liability. If that was all there was in the evidence, it would be an end of the case because we all know that the grapes or substance could have been dropped an

instant before Russak's injury, and the defendant's servants would have had no reasonable opportunity to remove it. A time factor must be shown in such a slipping case which would allow the employees of defendant an opportunity in the exercise of the highest degree of care for the safety of passengers, to remove the material from the floor. I think such a period of time at a crowded party on a dance floor with a lot of people milling around and performing on [125] the floor would be a very brief period because somebody might come along and slip and be injured very soon after the substance was on the floor. A very short period of time, it seems to me, would be long enough to permit one or another of the several employees of the defendant who were in the hall to see and remove the foreign substance from that small area of floor space. The doctor and steward were there, and I think the doctor said one or two other employees were in the salon. They would have to watch conditions pretty closely, particularly if some gal was throwing fruit around among the guests.

Russak and his wife positively say there was a gal throwing fruit around in the salon. It is not absolutely clear and satisfactory, but I am inclined to think that under the state of the evidence I have got to accept it as the fact. The doctor couldn't remember anybody doing the Carmen Miranda act, but I noticed he wasn't asked if he recalled anybody passing fruit around. He did say one of the women was done up as Nero's daughter and had some fruit. In the face of the positive, and I think

credible statements of the Russaks, I find there was somebody passing or tossing fruit around at the party. If somebody was either tossing fruit or passing it around in those crowded quarters or on that dance floor, the employees of the defendant had the duty to keep a close and sharp eye on the proceedings and see to it that the fruit did [126] not land on the dance floor where somebody might be hurt by it.

It may be a somewhat thin case. The evidence is not, as I say, anywhere near as substantial as it might be. But I think it is substantial enough to show that this material was probably on the floor and that it could and should have been removed prior to Russak's injury. Reasonable probability is all that is required, and I have got to judge it by the evidence that is offered to me, not by my independent explorations and suspicions and speculations. It must be judged as best I can with my limited intelligence and experience on such evidence as is submitted to me.

My judgment is that the evidence is sufficient, although I must say not abundantly sufficient, particularly considering that a high degree of care is required for the protection of passengers. Therefore, I find liability established.

With liability established, I have no right to minimize the recovery by the fact that a close or narrow issue was presented on liability. The plaintiff is entitled to be fully compensated for all injury and damage reasonably flowing from this incident. It may well be that some other individual

would have been able to resist the injury more successfully than Russak. It is quite apparent that he is one of those persons who would be more seriously affected in the way of pain, discomfort, and complaints, real or fancied, by such an incident, than some other more hardy soul might be. [127] But that is no basis for diminishing the award to him. The amount of damage has been fully considered, but no matter how long I thought or talked about it, the final result would still actually be a figure more or less taken out of the blue.

Allowing for all factors, it seems to me that an award of \$3500 for all elements of damage is fair and reasonable. That may be on the high side from the defendant's point of view and a bit on the low side from the plaintiff's point of view. On the basis of the evidence that I have heard here, I cannot honestly say that if it were my foot injured as Russak's was, that I would feel overly paid for the pain, suffering, inconvenience, and other disagreeable consequences of this injury by an award of that amount.

It is so ordered.

Recess subject to call.

(Thereupon, the court recessed subject to call.) [128]

[Endorsed]: Filed August 29, 1958.

## DEFENDANT'S EXHIBIT "A"

[For Identification]

[Title of District Court and Cause.]

## DEPOSITION OF LOUIS RUSSAK

Seattle, Washington, Dec. 18, 1957

Appearances: Sam L. Levinson, Esq., of Messrs. Levinson & Friedman, 1602 North Life Tower, Seattle, Washington, appearing for and on behalf of the plaintiff.

Ronald E. McKinstry, Esq., of Messrs. Bogle, Bogle & Gates, 603 Central Building, Seattle, Washington, appearing for and on behalf of the defendant.

Deposition upon oral examination before trial of Louis Russak, taken at the instance of the plaintiff in the above entitled cause, pending in the District Court of the United States for the Western District of Washington, Northern Division, pursuant to oral agreement of counsel for the respective parties, before Clifford C. Doiron, a notary public in and for the State of Washington, at 1602 Northern Life Tower, Seattle, Washington, [1]\* on the 18th day of December, 1957, at the hour of 11:00 o'clock A.M.

It was stipulated by and between counsel for the respective parties that all objections except as to the form of questions or the responsiveness of the answers thereto are reserved until the time of trial.

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\* Page numbers appearing at bottom of page of Reporter's Transcript of Record.



Defendant's Exhibit "A"—(Continued)

LOUIS RUSSAK

Being first duly sworn in the above cause, testified on his oath as follows:

By Mr. McKinstry: [2]

\* \* \* \* \*

Q. Approximately what time did that occur?

A. I imagine it was between—I would say 8:00 and 9:30, somewhere around that time. [8]

\* \* \* \* \*

Q. Do they have waiters that would bring the drinks into this main lounge?

A. They would if you asked for it, probably, yes.

Q. How long were you in this lounge up until the time of your accident?

A. I would say a half hour—20 minutes, something like that.

Q. 20 minutes to a half hour?

A. Yes. [10]

\* \* \* \* \*

Q. You didn't actually fall down?

A. No, I tried to control myself not to fall down.

Q. You were able to keep yourself from falling down? A. Yes.

\* \* \* \* \*

Q. How crowded was the dance floor?

A. Well, quite a few people were there. There was lots of children and there were—there were a lot of children there, you know, on the floor, and there may have been 20 [14] or 30 people there, I would say.

\* \* \* \* \*



Defendant's Exhibit "A"—(Continued)  
(Deposition of Louis Russak.)

Q. Did anyone on the dance floor stop and ask you what happened other than your wife?

A. No, I don't think so. There were quite a few people. [15] You see, the people were dancing in the center and in the back there were several hundred people, I suppose. It was a big affair.

Q. Do you know from talking around afterwards of anybody who saw this?

A. Well, after—there was quite a few people saw it, you know, and, of course, they didn't know. You know, a person can slip a little bit and people don't pay any attention to it.

Q. Was that more or less what happened to you?      A. Yes. [16]

\* \* \* \* \*

Q. How much of an examination of the floor did you make then?

A. Well, after I did slip a little bit there was a little bit of fruit I saw.

Q. That is what I mean. How much time did you actually spend in looking at it?

A. I didn't spend too much time. I just looked at what happened, why I slipped, you see.

Q. What makes you say it was fruit juice rather than water?

Mr. Levinson: He didn't say fruit juice.

A. I didn't say fruit juice—fruit. [17]

Q. I beg your pardon. Describe what you saw.

A. What I saw looks like fruit, like skin from grapes.

Q. What color was it?

Defendant's Exhibit "A"—(Continued)  
(Deposition of Louis Russak.)

A. Well, it is grape color, you know what grape color.

Q. There are different kinds of grapes.

A. They had all kinds of grapes there.

Mr. Levinson: Let me tell you something, Mr. Russak, for the record. In these kind of cases when a lawyer tries to get these various answers he tries to break it down into one little piece, two little pieces and three little pieces and so on to make you look silly, like when he was trying to get you to tell him exactly how you fell, and you are an honest man and don't follow along with his suggestions. If you remember him, tell him, but if you don't, tell him you don't remember. Don't follow along with him because those are typical defense tactics. Just tell him exactly what you did or if you don't remember just tell him you have no recollection of what happened at the time. He has it broken down to, "Did you slip a foot or two or three feet to the side," and they always do it, but don't go along with that. Just tell what happened.

Mr. McKinstry: For the record I am going to ask that the Court point out to counsel that he is now coaching the witness, and I think it is not proper to do so.

On the contrary, I wasn't there, Mr. Russak, [18] and I am simply trying to find out all I can that you know. Counsel would suggest that I would have you give me an answer if you don't know the answer. I don't want that. If you don't know the answer, just simply indicate that you don't know.

Defendant's Exhibit "A"—(Continued)  
(Deposition of Louis Russak.)

Mr. Levinson: Let's make that clear.

The Witness: You asked about the grapes.

Q. (By Mr. McKinstry): If you don't know the color—— A. I don't. [19]

\* \* \* \* \*

Q. The dancing, as I understand it, did not start until after the contestants were through?

A. That's right?

Q. I misunderstood one of your earlier answers then. I asked you what time the injury occurred and I thought you said [24] some time between 8:00 and 9:00.

A. It is hard to tell exactly the time, you know. We started I think about 8:00 o'clock. That is when we started.

Q. But you say that went on for about two hours until 10:00 o'clock and then you started to dance?

A. The whole thing took somewhere around an hour and a half or two hours. I don't remember exactly the time, and then everybody started to dance.

Q. Did you start to dance as soon as the band started? A. Yes.

Q. You were dancing the first number after this?

A. Yes, I was dancing when they started dancing. [25]

\* \* \* \* \*

[Endorsed]: Filed January 29, 1958.

[Endorsed]: No. 16169. United States Court of Appeals for the Ninth Circuit. Moore-McCormack Lines, Inc., Appellant, vs. Louis Russak, Appellee. Transcript of Record. Appeal from the United States District Court for the Western District of Washington, Northern Division.

Filed: August 26, 1958.

Docketed: September 3, 1958.

/s/ PAUL P. O'BRIEN,

Clerk of the United States Court of Appeals for the Ninth Circuit.

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United States Court of Appeals  
for the Ninth Circuit

No. 16169

MOORE-McCORMACK LINES, Inc., a Delaware  
Corporation, Appellant,

vs.

LOUIS RUSSAK, Appellee.

DESIGNATION OF POINTS AND  
DESIGNATION OF RECORD

Comes now the appellant and pursuant to Rule 17 (6) of the Rules of the Court of Appeals for the Ninth Circuit and hereby makes the following Statement of Points:

1. The District Court erred in making the following Findings of Fact:

“That on the 22nd day of March, 1957, said defendant failed to exercise the highest degree of care consistent with the practical operation of said vessel in that it permitted the floor of the main lounge of that vessel to have and remain thereon spilled fruit and residue of fruit after a reasonable opportunity to remove the same. That as a direct and proximate result of the negligence of the defendant as aforesaid, while plaintiff was on the floor of said lounge, plaintiff slipped and fell violently to the floor.”

2. No evidence was introduced to support said findings, nor can any inference be drawn from the evidence introduced to support said findings and they should be set aside as clearly erroneous.

3. No competent evidence was introduced as to the nature of the alleged slippery condition; no evidence was introduced as to how or when the alleged slippery condition came to be on the dance floor, length of time it had been present there, knowledge on the part of the defendant as to its presence or a reasonable opportunity on the part of defendant to correct said condition.

4. The District Court erred in not admitting the Deposition Upon Oral Examination Before Trial of Louis Russak into evidence or in not permitting defendant to introduce portions of said testimony into evidence.

The appellants herein make the following Designation of Record Material to the Appeal:



1. Petition for Removal, filed October 22, 1957, with copy of the Complaint attached.

2. Answer of Defendant, filed November 5, 1957.

3. Reply, filed January 24, 1958.

4. The following designated portions of the Deposition Upon Oral Examination Before Trial of Louis Russak, marked as Defendant's Exhibit "A"):

Page: 8—line: 20-22 inclusive. Page 10—line: 7-14 inclusive. Page: 14—line: 2-5 inclusive; 22-25 inclusive. Page: 15—line: 1; 23-25 inclusive. Page: 16—line: 1-11 inclusive. Page: 17—line: 16-25 inclusive. Page: 18—all lines. Page: 19—line: 1-9 inclusive. Page: 24—line: 21-25 inclusive. Page: 25—line: 1-12 inclusive.

5. Findings of Fact and Conclusions of Law, filed July 2, 1958.

6. Judgment, filed July 2, 1958.

7. Notice of Appeal, filed July 29, 1958.

8. Bond on Appeal and Supersedeas Bond, filed August 4, 1958.

9. The following designated portions of the Transcript of Proceedings and Evidence:

Page: 3—line: 1; 20-25. Page: 4—line: 1-13 inclusive. Page: 5—line: 5-7 inclusive. Page: 6—line: 10-25 inclusive. Page: 7, 8—all lines. Page: 9—line: 1-11 inclusive. Page: 31—line: 7-8 inclusive. Page: 41—line: 14-25 inclusive. Page: 42, 43, 44, 45—all



lines. Page: 46—line: 1-7 inclusive. Page: 50—line: 20-25 inclusive. Page: 51—line: 1-2 inclusive; 19-25 inclusive. Page: 52, 53, 54, 55—all lines. Page: 56—line: 1-25 inclusive. Page: 57, 58—all lines. Page: 59—line: 6-25 inclusive. Page: 60-61—all lines. Page: 62—line: 1-21 inclusive. Page: 65—line: 1-11 inclusive. Page: 67—line: 7-25 inclusive. Page: 68, 69—all lines. Page: 70—line: 1-10 inclusive. Page: 83—line: 1-10 inclusive; 19-25 inclusive. Page: 84—line: 1-3 inclusive; 7-8 inclusive; 19-25 inclusive. Page: 85-94 incl.—all lines. Page: 95—line: 1-21 inclusive. Page: 101, 102—all lines. Page: 103—line: 1-2 inclusive. Page: 121—line: 16-25 inclusive. Page: 122—all lines. Page: 123—line: 1-13 inclusive.

BOGLE, BOGLE & GATES,

Attorneys for Appellant.

Acknowledgment of Receipt of Copy Attached.

[Endorsed]: Filed September 3, 1958. Paul P. O'Brien, Clerk.

[Title of Court of Appeals and Cause.]

APPELLANT'S SUPPLEMENTAL STATE-  
MENT OF POINTS AND DESIGNATION  
OF RECORD

Comes now the appellant and in response to Appellee's Designation of Additional Portions of Record on Appeal makes the following Supplemental Statement of Points:

5. The District Court erred in permitting the plaintiff, Louis Russak, and his wife, Deanna Russak, to testify as to statements made by the cruise director appearing in the reporter's Transcript of Proceedings, page 9, line 25 to page 10, line 6, and page 71, line 3 to line 10.

6. The District Court erred in permitting the plaintiff, Louis Russak, to testify as to statements made by him to the ship's doctor appearing on page 12, lines 19 and 20.

Appellant makes the following supplemental designation of additional portions of the reporter's Transcript of Proceedings: Page 56, lines 11 to 25, inclusive.

BOGLE, BOGLE & GATES,  
Attorneys for Appellant.

Acknowledgment of Receipt of Copy Attached.

[Endorsed]: Filed September 11, 1958. Paul P. O'Brien, Clerk.



No. 16169

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United States Court of Appeals  
For the Ninth Circuit

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MOORE-McCORMACK LINES, INC., a Delaware corporation, *Appellant*,

vs.

LOUIS RUSSAK, *Appellee*.

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APPEAL FROM THE UNITED STATES DISTRICT COURT FOR  
THE WESTERN DISTRICT OF WASHINGTON,  
NORTHERN DIVISION

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APPELLANT'S BRIEF

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FILED

FEB 13 1959

PAUL P. O'BRIEN, CLERK

BOGLE, BOGLE & GATES

RONALD E. MCKINSTRY

*Attorneys for Appellant*

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Seattle 4, Washington

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No. 16169

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United States Court of Appeals  
For the Ninth Circuit

MOORE-McCORMACK LINES, INC., a Delaware corporation,	<i>Appellant,</i>	} No. 16169
vs.		
LOUIS RUSSAK,	<i>Appellee.</i>	

APPEAL FROM THE UNITED STATES DISTRICT COURT FOR  
THE WESTERN DISTRICT OF WASHINGTON,  
NORTHERN DIVISION

APPELLANT’S BRIEF

**JURISDICTION**

This involves a passenger’s personal injury action against a steamship company.

On October 3, 1957, Louis Russak commenced suit against Moore-McCormack Lines, Inc., a Delaware corporation, in the Superior Court of the State of Washington in and for the County of King, claiming damages for \$10,000.00 as a result of injuries received while a passenger aboard the S.S. “ARGENTINA” (Complaint, Tr. 6). On October 22, 1957, within twenty days after service of the complaint, the suit was removed to the United States District Court for the Western District of Washington on the ground of diversity of citizenship in a matter exceeding \$3,000.00, exclusive of interest and costs (Petition for Removal, Tr. 3). The District Court had jurisdiction of the suit by virtue of the removal proceedings. 28 U.S.C. Sections 1332, 1441, 1446.



By stipulation of counsel, jury trial was waived and the action was tried by the court (Tr. 24). On July 2, 1958, the District Court entered Findings of Fact and Conclusions of Law and Judgment for the plaintiff of \$3,500.00 and costs (Findings, Conclusions, Judgment, Tr. 10-14). On July 29, 1958, within thirty days of the entry of Judgment, defendant filed its Notice of Appeal to this court and Bond on Appeal and Supersedeas Bond (Notice, Bond, Tr. 15-16). This court has jurisdiction of the appeal. 28 U.S.C. Sections 1291; 2107.

### **STATEMENT OF THE CASE**

This suit involves an injury to a passenger—Louis Russak—occurring during a ship party aboard the passenger vessel “ARGENTINA,” owned and operated by Moore-McCormack Lines, Inc. Mr. and Mrs. Russak were first-class passengers on a cruise from New York to Buenos Aires (Tr. 25). Russak slipped while dancing and injured his left foot. He and his wife were participating in an impersonation contest as colored dancers held for the passengers at a ship party (Tr. 36-40).

#### **Ship Party**

On March 22, 1957, Mr. and Mrs. Russak attended a ship party given in the main lounge. It was described as a “costume party,” “a gala evening” and one of the bigger nights of entertainment during the cruise, which “probably ranked second to the Captain’s farewell dinner which is held the night before Rio” (Tr. 26, 57).

The party occurred after dinner, sometime between 8 or 9 P.M. and 10 P.M., according to appellee (Tr. 35-36), and between 9:15 P.M. and 11 P.M. according to appellant’s witness Dr. Robert B. Kayser (Tr. 58).

Appellee estimated the number of persons present in the lounge at "possibly several hundred" (Tr. 42). Most of a full complement of first-class passengers were present in the lounge (Tr. 70). There were children present in the lounge and on the dance floor (Tr. 38, 48). Ship's personnel present at the party included Dr. Kayser, ship's surgeon, a lounge steward, the cruise directress and possibly another lounge steward, as well as some of the executive officers (Tr. 58).

### **Passenger Impersonation Contest**

It is not clear how many passengers participated in the contest or the exact nature of the contest. It was held before judges (Tr. 39). One of the passengers participated in the contest dressed in a South American costume imitating the late Carmen Miranda (Tr. 27). Appellee and his wife performed with other couples, variously described as "between ten and fifteen or twenty couples" (Tr. 28), "probably ten or twenty couples altogether" (Tr. 37), "think we were seventeen couples" (Tr. 42). The couples danced "one or two at a time" (Tr. 42) and appellee could not remember how many were dancing at the time he and his wife were (Tr. 43).

The couples participating in the contest were made up for their parts in a room immediately adjacent to the lounge and the dance floor (Tr. 26). The door to this room was open and the contestants waiting to perform could see part of the dance floor (Tr. 27). The adjoining room was approximately five or six feet from the dance floor and the passengers watching the contest were on the other side of the dance floor and nobody was sitting in the entrance leading on to the dance floor (Tr. 37).

Appellee and his wife remained in the adjoining room until they came on to the dance floor to participate in the contest (Tr. 37).

There were passengers sitting in the lounge chairs around the dance floor and others standing, all watching the contest (Tr. 27, 37). The persons watching included children (Tr. 38). Appellee also testified that there were children as well as adults on the dance floor (Tr. 48).

### **Dance Performed by Appellee in the Contest**

Appellee and his wife participated in the contest as colored dancers and had their faces blacked as part of their make-up (Tr. 36-37). The description of the dance performed is not clear. Appellee called it "a Russian dance," and further described it as follows: "mixed up, when you have lots of fun, music playing, and you dance part maybe a little Russian or a little waltz or anything almost. There is no certain steps that you dance most of the time. You dance whatever you feel like" (Tr. 39). The dance was being performed by appellee in the middle of the dance floor (Tr. 41). The approximate size of the dance floor was twenty-five by thirty-five (presumably feet although not stated in the record) and all of the dancing performed by appellee and his wife was in one area, probably six or seven feet in all (Tr. 42, 44).

### **Testimony Concerning Slip During Appellee's Dance**

The only evidence concerning the occurrence was given by appellee and his wife. Appellee testified as follows: " \* \* \* I started dancing with my wife and my foot slipped, and I felt a sharp pain and I didn't want to fall

down on the floor, but I could see right next to my foot there was a little bit of moisture. It looked like a few grapes, skin of a grape.” In describing the area, Mr. Russak testified: “It wasn’t very big. Maybe five or six inches” (Tr. 28). Appellee admitted that it was a very little slip (Tr. 45). He thought they were doing a dance “like the Russian dance” at the time of the incident but admitted it was hard to tell. Appellee admitted that he was doing his best to be selected as the best contestant (Tr. 40).

Appellee’s wife described the incident as follows: “I was dancing around him and I noticed he couldn’t move his foot, he slipped” (Tr. 54).

The only other witness to the facts was called by the appellant—Dr. Kayser—and he was present throughout the contest, observing and taking pictures of the contestants ((Tr. 63). He did not observe any accident or injury occurring during the evening and was in a position throughout the evening to have observed had a contestant slipped and fallen (Tr. 58, 66).

### **Condition of Dance Floor**

Appellee did not remember whether there was powder or anything on the floor to make it easier to dance. He explained that he was not in the room at the time and did not see what had been done. He had no difficulty in moving his feet over the floor and described it as like regular dancing (Tr. 50).

At the time of the incident, appellee was not looking at his feet or his wife’s feet or at the floor, but was looking straight ahead (Tr. 41). He did not observe anything

on the dance floor before he came out to participate in the contest. It occurred in the middle of the dance floor (Tr. 41). After the incident, he spent "very little" time looking at the area where it occurred (Tr. 49), and did he go back at any time afterward to look at the area (Tr. 51). Appellee's wife did not see anything on the floor (Tr. 55). Dr. Kayser did not see any substances such as grapes or anything else on the floor and did not recall the progress of the evening's contest being stopped at any time for purposes of a clean-up (Tr. 65).

The only testimony in the record concerning the alleged condition on the floor was given by appellee. He testified as follows: "\* \* \* \* there was a little bit of moisture. It looked like a few grapes, skin of a grape. \* \* \* It wasn't very big. I would say maybe five or six inches" (Tr. 28).

He testified that he reported the incident to the ship's doctor and stated as follows to the doctor: "\* \* \* I told him it was wet in there, it was moisture looked something like grapes, \* \* \*" (Tr. 30).

In describing what he saw, appellee testified: "It was something like grey colored, grey or brown that kind of color it was." It was a "mixed" color (Tr. 49). He observed no other substance anywhere else on the dance floor (Tr. 49-50).

#### **Lack of Knowledge or Notice by Appellant—Actual or Constructive**

There is no evidence in the record that the appellant had actual knowledge of the condition described by appellee. Neither appellee or anyone else saw anything drop on the dance floor (Tr. 49).

According to testimony by appellee and his wife, ear-



lier in the contest there was the passenger-contestant who imitated Carmen Miranda. She was described as a lady from Brazil and had a basket with all kinds of fruit. As a part of her performance "she was giving some of the fruit to the passengers, throwing it. The passengers seated around the dance floor were asking for the fruit" (Tr. 27).

Appellee testified as follows concerning the contestant "Carmen Miranda" passing out the fruit:

"Q. At the time that you observed the fruit being passed out was it being passed out off the dance floor?

A. Yes.

Q. To people standing outside the dance floor?

A. Yes. She was going around.

Q. She walked all the way around the dance floor?

A. Yes.

Q. Did you observe her dropping anything?

A. Well I couldn't say. (Remainder of this answer was stricken by the court as not responsive to the question.)

Q. Did you see any fruit drop on the floor?

A. I didn't at that time when I was standing there.

Q. Did you at any other time?

A. The only time I saw it—No I didn't except after the accident happened" (Tr. 37-38).

Appellee testified further:

"THE COURT: Did you see yourself anything drop at that place?



THE WITNESS: Before we came out?

THE COURT: Before you came out.

THE WITNESS: No I didn't" (Tr. 49).

Appellee's wife testified:

"Carmen Miranda, she was throwing grapes in the corners for the people to catch." (Remainder of the answer was based upon speculation and stricken by the Court) (Tr. 52)

Appellee testified that he and his wife followed "Carmen Miranda" as a contestant by "about twenty or twenty-five minutes, something like that" (Tr. 27). His wife testified that the time elapse was "about fifteen or twenty minutes after a few other couples went on" (Tr. 53).

Dr. Kayser did not notice any substance on the floor at any time during the progress of the contest (Tr. 65).

No evidence was introduced in the record as to how the condition described by appellant came to be on the dance floor or how long it had been there prior to him slipping.

### **Ship's Clean-up Procedure**

Dr. Kayser testified that the duties performed by the lounge steward during the party included taking care of the maintenance of the lounge. With respect to cleaning up substances, if any, spilled on the dance floor, Dr. Kayser testified that it was cleaned up immediately by the lounge stewards, who are on the job while the passengers are in the main lounge (Tr. 62, 63). This was the general practice aboard the vessel (Tr. 64, 65). The lounge steward was in attendance at all times through the party on March 22, 1957 (Tr. 63).

## COURT'S FINDINGS

From the foregoing evidence, the court found, *inter alia*, as follows:

1. “ \* \* \* said defendant \* \* \* permitted the floor of the main lounge of that vessel to have and remain thereon spilled fruit and residue of fruit after a reasonable opportunity to remove the same.” (Tr. 11, Finding II);

2. “That as a direct and proximate result of the negligence of the defendant as aforesaid,\* \* \* plaintiff slipped and fell violently to the floor.” (Tr. 11, Finding II)

It will be observed that the Findings of Fact above are identical with the allegations of negligence contained in paragraph II of the Complaint (Tr. 6, 7, 11).

## SPECIFICATION OF ERRORS

1. The District Court erred in making the finding that appellant was negligent (Tr. 11, Finding II), since there was no evidence that the alleged “spilled fruit and residue of fruit” was in fact fruit, or that it was slippery, or how and when it came to be in the middle of the dance floor, or that appellant had either actual knowledge or constructive notice of the alleged condition prior to the injury; that said finding is clearly erroneous and should be reversed.

2. The District Court erred in making the finding (Tr. 11, Finding II) that “plaintiff slipped and fell violently to the floor” as a “proximate result” of the alleged “spilled fruit and residue of fruit” since there was no evidence to support said finding, and it is clearly erroneous and should be reversed.

3. The District Court erred in admitting testimony by appellee, over appellant's motion to strike as "hearsay," concerning statements made by the cruise director after the injury as follows: " \* \* \* they will see it will never happen again" (Tr. 29).

4. The District Court erred in admitting testimony by appellee's wife concerning statements by the cruise director to the same effect as follows: "I will see this will never happen again. We won't allow any more dances with Carmen Miranda throwing grapes" (Tr. 55, 56).

## ARGUMENT

### Summary

1. To find appellant negligent for a foreign substance—"spilled fruit and residue of fruit"—on the dance floor, there must be evidence that appellant had actual knowledge or constructive notice of the foreign substance on the dance floor and a reasonable opportunity to correct it. *Demgard v. United States* (S.D. N.Y.) 94 F.Supp. 309.
2. Appellant had no actual knowledge of any foreign substance on the dance floor. Therefore, appellee had the burden of proving constructive notice.

Appellee was the *only* person to testify about a foreign substance and he described it as a "*little bit of moisture*"; "*It looked like a few grapes, skin of a grape*"; and maybe "*five or six inches*" in size (Tr. 28). Appellee testified that he slipped *in the middle of the dance floor* (Tr. 41) *No other substance was observed anywhere else on the floor* (Tr. 49, 50). Therefore, appellee had the burden of proving that the condition which he described had been present *in the middle of the dance floor* for a period of time

long enough to charge appellant with constructive notice of its presence there.

Appellee cannot sustain the burden of proof as to the *time period* that the condition he described was present *in the middle of the dance floor* by evidence that another passenger — at an earlier time — was going *around the dance floor* passing or throwing fruit or grapes *off the dance floor* to passengers seated and standing *off the dance floor*, particularly where *no one saw any fruit spill or drop on the dance floor or anywhere else*.

To hold that a *time period* for charging appellant with *constructive notice* of this foreign substance *in the middle of the dance floor* had been established by such evidence is to *indulge in speculation and conjecture and to build inferences upon an inference*.

It is error to speculate and build inferences upon an inference to establish a *time period* for constructive notice. *Old South Lines v. McCuiston*, 5 Cir., 92 F.2d 439, 441. There is not a scintilla of evidence to support a finding of constructive notice. The scintilla of evidence rule is followed by this court. *Hawley v. Alaska Steamship Company*, 9 Cir. 236 F.2d 307, 309.

3. Rule 52(a) of the Federal Rules of Civil Procedure providing that findings of fact of a trial court will not be set aside unless “clearly erroneous” does not apply to inferences to be drawn from the evidence; this can be done as easily by the appellate court as by the trial court. *Kuhn v. Princess Lida of Thurn & Taxis*, 3 Cir., 119 F.2d 704, cited with approval in *Western Union Telegraph Co. v. Bromberg*, 9 Cir., 143 F.2d 288; *Sears, Roebuck & Co. v. Johnson*, 3 Cir., 219 F.2d 590.

4. Even assuming a *time period* could be established by speculation and building inference upon inference,

the time period indicated by appellee of “*about twenty or twenty-five minutes*” (Tr. 27) or by his wife of “*about fifteen or twenty minutes*” (Tr. 53) was insufficient to charge appellant with constructive notice *considering appellee’s testimony as to the nature, size, and description of the foreign substance.*

The finding by the District Court of negligence based upon constructive notice was unsupported by the evidence and was clearly erroneous and should be reversed.

5. There was no evidence that appellee *actually slipped* on the foreign substance he described or that he *fell* to the floor, to support the finding that appellee “*slipped and fell violently to the floor*” as a *proximate result* of the condition described. This finding was clearly erroneous and should be reversed.
6. Testimony by appellee and his wife concerning statements by the cruise director were inadmissible as hearsay. *Naylor v. Isthmian S.S. Co.*, 2 Cir., 187 F.2d 538. Although immaterial to the findings of negligence and proximate cause, appealed from herein, the admission of the hearsay statements of the cruise director were prejudicial to appellant in that the court was given an improper impression by these statements.

#### **Shipowner Not Liable for Foreign Substance on Dance Floor Without Actual Knowledge or Constructive Notice.**

Liability, if any, in this suit is based upon negligence. *Kitsap County Transp. Co. v. Harvey*, 9 Cir., 15 F.2d 166; *Moore v. American Scantic Line*, 2 Cir., 121 F.2d 767; *Aquino v. Alaska Steamship Co.*, Wash. 91 P.2d 1014.

A shipowner is negligent with respect to temporary conditions—such as foreign substances on the deck—



*only if*: (1) it has actual knowledge of the foreign substance or (2) the foreign substance has been present on the deck for a sufficient length of time to charge the shipowner with "constructive notice" and (3) it had a reasonable opportunity to clean it up, but failed to do so. *Demgard v. United States* (S.D. N.Y.) 94 F.Supp. 309 (oil or water on deck); *Dann v. Compagnie Generale Transatlantique* (E.D. N.Y.) 45 F.Supp. 225 (raised or puffed area of linoleum on deck); *Weill v. Compagnie Generale Transatlantique*, 2 Cir., 113 F.2d 720 (bulge in tarpaulin on deck).

In the *Demgard* case, *supra*, a passenger was injured when she slipped on a foreign substance on deck. There was some question whether the substance was oil or water. The court stated as follows on page 310:

"It is conceded that it has not been established when the oily substance, or water, as the case may be, was placed upon the deck where the accident occurred, how long it had been there, or that any notice of the condition was ever given to any of the ship's officers or crew.

"(1) We are dealing, therefore, with a situation where an accident did occur due to some foreign substance on the deck without the other elements required to spell out negligence on the part of the ship's owners. *The length of time that the foreign substance was permitted to remain upon the deck is in a complete state of uncertainty. Nothing has been shown to indicate the slightest opportunity on the part of the ship to remove or correct the alleged act of negligence.* I cannot find from these facts, therefore, that the respondent ever had actual or imputed knowledge of the condition." (Emphasis supplied)



In holding that libelant failed to prove that the respondent was negligent, the court found, *inter alia*, as follows on page 311:

“6. There is no proof what said foreign substance on the deck was, except the testimony of libelant, who stated on one occasion it was water (and that she supposed it came from the ocean), and on another, oil.

“7. There is no proof how long any foreign substance was on the deck when libelant fell, what such foreign substance was, or who put it there, or how it got there.

“8. There is no proof that the foreign substance on which libelant claims to have slipped was on the deck long enough to have constituted constructive notice to the respondent of such condition.

“9. There is no proof of actual notice of the conditions complained of by libelant.”

The question of a “temporary foreign substance” on deck has arisen more frequently in seaman’s suits against the shipowner than in passenger cases. In a seaman’s suit based upon a theory of negligence (leaving aside any discussion of “transitory unseaworthiness” since the warranty of seaworthiness does not extend to passengers) no liability exists unless the shipowner has actual knowledge or constructive notice of the temporary foreign substance with a reasonable opportunity to correct it. *Poignant v. United States*, 2 Cir., 225 F.2d 595, 596 (apple peel on deck). *Shannon v. Union Barge Line Corporation*, 3 Cir., 194 F.2d 584 (oil spot on deck). *Cookingham v. United States*, 3 Cir., 184 F.2d 213 (Jello on deck).

In the *Poignant* case, *supra*, the court stated as follows:

“The trial court found that the *defendant had no notice, actual or constructive, of the presence of the apple skin in the passageway and held that this lapse in libelant’s proof was fatal to her cause of action for negligence.* The finding was consistent with the evidence in the case. We think that the trial court rightly ruled that libelant was not entitled under the Jones Act to recover on the grounds of negligence.” (Emphasis supplied)

The same rule applies in connection with the liability of the operator of a dance hall for injuries occurring on the dance floor.

In *Hendrickson v. Brill*, Wash., 278 P.2d 315, the court stated the rule as follows:

“The operator of a dance hall is not an insurer of the safety of his patrons, but is under the duty of keeping his premises in a reasonably safe condition. *To recover in the instant case, the plaintiff’s evidence must show that the condition complained of was known to the operators of the dance hall, or had existed for such time as would have afforded the operators a sufficient opportunity, in the exercise of reasonable care, to have become cognizant of and to have removed the danger.* *Mathis v. H. S. Kress Co.*, 38 Wn.2d 845, 232 P.2d 921; *Smith v. Manning’s, Inc.*, 13 Wn.2d 573, 126 P.2d 44.” (Emphasis supplied)

In the *Hendrickson* case there was an action for personal injuries against the operators of the dance hall arising out of the fall on the dance floor when the plaintiff slipped or stumbled because of some “liquid or

sticky substance allegedly spilled and allowed by the operators to remain on the dance floor.”

Plaintiff and two of his witnesses testified that they saw no foreign substance on the dance floor until after the accident occurred. Plaintiff offered no evidence that any employee of the dance hall knew of the existence of a foreign substance on the floor.

The jury returned a verdict for the plaintiff and the trial judge granted a motion for judgment n.o.v. This was affirmed on appeal, since the appellate court was convinced that it left *in the realm of speculation the answer to the question of how long the alleged foreign substance remained on dance floor prior to the fall*. In considering the evidence the court stated as follows with respect to *constructive notice*:

“This case involves constructive notice and turns on the question of whether the plaintiff’s evidence, and all reasonable inferences therefrom construed most favorably to him, showed that some foreign substance was on the dance floor for a sufficient time to constitute constructive notice.

“Plaintiff testified that after the accident he saw something on the floor but did not touch or place his hand upon it. His testimony was not entirely clear as to whether the substance was water or a spilled drink of some kind. *From his testimony, it is not clear as to whether the spot where he slipped or stumbled was sticky, wet or merely moist. His dancing partner testified:*

“‘I can’t say my dress was very wet. It was just dirty and gummy on the back from where people had been going through the spot.’

“In essence, the foregoing indicates the testi-

mony of the plaintiff relative to the foreign substance allegedly on the dance floor and the time that it had been there before the fall.” (Emphasis supplied)

The evidence in the instant case as to the substance is substantially similar, since the appellee testified that the alleged substance was a little bit of moisture, and then described it as appearing like a grape. From his testimony it is certainly no more clear as to what the substance was than in the *Hendrickson* case.

See also *Custer v. St. Clair Country Club, Ill.*, 110 N.E.2d 697; *Revis v. Orr*, N.C., 66 S.E.2d 652, 28 A.L.R.2d 609; for an annotation entitled “Liability of Dance Hall Proprietor or Operator for Injury to Patron,” see 28 A.L.R.2d 612.

**Court’s Finding That Shipowner Negligent Clearly Erroneous—No Actual Knowledge or Constructive Notice.**

There is no evidence in the entire record that any person other than appellee Louis Russak saw the foreign substance on the dance floor. Not even his wife could testify to it (Tr. 55). Appellee had no knowledge of the substance on the dance floor prior to slipping (Tr. 38, 49).

The only testimony offered by the appellee to establish *constructive notice* was testimony concerning another passenger who had participated in the contest before them as “Carmen Miranda.” According to appellee she passed and threw fruit to passengers seated and standing around the dance floor. Appellee’s wife mentioned only *grapes* which she testified were thrown by this contestant into the corners of the room. She pre-

ceded appellee and his wife in the contest by "about 15 or 20 minutes" (Tr. 53) or "about 20 or 25 minutes" (Tr. 27).

All of the fruit was passed off *the dance floor*, to the passengers (Tr. 37, 38). She walked *all the way around* the dance floor (Tr. 38). *No fruit or grapes were observed to drop on the dance floor* (Tr. 38). *The place where the slip occurred was in the middle of the dance floor* (Tr. 41).

The finding by the court that the vessel permitted spilled fruit and residue of fruit to remain on the dance floor after a reasonable opportunity to remove it is based upon sheer speculation and requires that inference be built upon inference in order to establish *any* time period for the purpose of claiming that the ship-owner had *constructive notice*.

The building of inferences must necessarily proceed as follows:

1. That the substance was in fact fruit rather than moisture from another source; for instance, if it were water or moisture from anything other than fruit there would be nothing at all to indicate a time period. Appellee described it definitely as "a little bit of moisture" (Tr. 28, 30); his description of it as fruit was vague and indefinite—"it *looked like* a few grapes, the skin of a grape" (Tr. 28) (Emphasis supplied). Appellee saw it only for a very brief time described by him as "not very much, very little" (Tr. 49); he did not look at the area again (Tr. 51); it was a very small area, "5 or 6 inches" (Tr. 28); the evidence does not support the conclusion that the substance was fruit.



(2) In order to establish a time period to charge constructive notice the trial judge was obliged to indulge in a second inference that the fruit was *spilled* by "Carmen Miranda" while she was walking *around* the dance floor passing or throwing fruit or grapes *off the dance floor* to passengers seated or standing *off the dance floor*; for instance, if anyone of the several hundred other persons present, including the children present, dropped, spilled or threw the fruit back on the dance floor after it was passed out, this might have occurred immediately prior to the slip.

(3) Since the spillage was described by appellee as existing *in the middle of the floor*, it must be inferred then that the alleged spillage was transported by some unknown agency from *off or around the edge of the dance floor* where *spilled* twelve feet or more to the middle of the dance floor where appellee claims his injury occurred.

(4) The court was obliged to make the further erroneous inference that if "Carmen Miranda" did spill fruit around the edge of the dance floor, that it was the same fruit that was crushed in the middle of the dance floor causing the "little bit of moisture" described by appellee.

(5) That upon this inference would be placed the inference that the shipowner had a reasonable opportunity at the time indicated to observe a condition of the size and description indicated "5 or 6 inches" in time to have corrected it during the contest.

Findings of fact cannot be based upon speculation and a series of inferences built upon inferences. The only



reference to a time period in the evidence relates to the activities of "Carmen Miranda" although there is *no* evidence that *any fruit spilled* during the course of her act.

An identical question was presented to the court in *Old South Lines, Inc. v. McCuiston*, 5 Cir., 92 F.2d 439 and 92 F.2d 441. This suit was tried by a jury in the District Court and judgment entered for the plaintiff. It was reversed on appeal. The suit involved personal injury sustained by a passenger on an interstate bus. The facts most favorable to the passenger indicated that she boarded the bus at Winston-Salem between 8 and 9 o'clock in the morning and thereafter at around 11 o'clock had occasion to leave the bus and then re-enter it. At the time of re-entering the bus she noticed an elderly gentleman sitting two or three seats from the front eating bananas. When the bus reached a stop at 8 o'clock that night she left the bus to go to the rest room. She walked back to the back of the bus to pick up a magazine lying on the last seat and when she turned around her foot hit the banana peel and she was caused physical injuries. She was the sole witness to what happened.

In holding that liability *in this case could only be based upon speculation and a succession of inferences on an inference*, the court stated as follows:

"It is apparent that this case is controlled by *Windham v. Atlanta Coast Line R. Co.*, *supra*, unless the mere fact of the man eating bananas near the front of the bus nine hours before the accident, coupled with the presence of a piece of banana peeling on the floor at the time of the injury, was

sufficient to warrant the inference that the peeling was thrown on the floor by the elderly gentleman and remained there until appellee slipped on it. Such an inference would be the result of mere speculation, and not a logical conclusion from any fact or facts in evidence. While the man was seen eating bananas, no one saw him throw the peeling on the floor or, in fact, saw the peeling. A fact once shown to exist is ordinarily presumed to continue until the contrary appears, but obviously this presumption has no application to the activity of a man eating bananas. *Liability cannot be imposed upon a carrier by a succession of inferences on an inference, as by inferring, first, that the banana was peeled in the bus; second, that the peeling was thrown on the floor third, that it was removed by some unknown agency to the rear of the coach; and, fourth, that it remained there until appellee stepped on it.* Much speculation might be indulged as to what the elderly gentleman did with the peeling of the banana he was eating, but one man's guess is as good as another's. Although the appellee did not testify that she saw it, we know that the banana once had a peeling; but there is no evidence as to when or where the peeling was removed or as to what became of it. Neither do we know that the elderly gentleman was the only person in the bus that ate a banana during the nine hours of that long trip." (Emphasis supplied)

In the companion case by the same name, appearing at 92 F.2d 441 (involving a suit by the husband for loss of services of his wife) the court made the following statement on page 441:

"The same evidence appears in the record of both cases, and, as we have just held that the evidence on

behalf of the wife was insufficient to warrant the court in submitting to the jury an issue of negligence on the part of the bus line, it necessarily follows that our ruling on this record is the same, *viz., that since no witness saw the banana peeling on the floor prior to the time the passenger stepped on it and was injured, and since the finding by the jury, that it had remained on the floor for such an unreasonable length of time as to impute negligence to the carrier, depended upon successive inferences drawn from an inference that another passenger had thrown it here, the verdict and judgment did not rest upon substantial evidence, either direct or circumstantial.*" (Emphasis supplied)

We have an identical situation here. The testimony indicated only that "Carmen Miranda" was passing and throwing fruit out around the edge of the dance floor. No one observed her drop any fruit. There were several hundred other people in the main lounge off of the dance floor, many of whom received fruit. There were numerous children present. Any one of these persons might have dropped, spilled or thrown the fruit at any time right up until the time of the accident. The grape, if it was a grape, might have rolled from a table off the dance floor shortly prior to the incident. A grape might even have been thrown at the contestants in the spirit of the party by one of the children or the passengers having a good time. Even assuming that none of these possibilities occurred, and that Carmen Miranda "spilled" the fruit, the evidence indicates that this would be around the edge of the dance floor and there is a total absence of evidence to indicate how such fruit would have been moved to the position in the middle of

the dance floor. The dance floor has been described as twenty-five by thirty-five (presumably feet although not so stated in the record) (Tr. 42).

To conclude that the grape was spilled by "Carmen Miranda" during her act, and not dropped, thrown or moved by any other person at a later time to the middle of the dance floor is to indulge in speculation and the building of inferences upon an inference.

In *J. C. Penney Company v. Norris*, 5 Cir., 250 F.2d 385, 387, the court considered the building or piling of inferences on inferences in connection with the question of constructive notice. This involved a personal injury action tried to a jury arising out of a fall by a customer in a store. The jury returned a verdict for the plaintiff and defendant appealed attacking the sufficiency of the evidence to support the verdict. The evidence indicated that Mrs. Norris descended stairs to the curtain department in the basement and when she finished looking at the curtains, she ascended the stairs at the same place to the street level. She stepped on a bottle cap and fell down the stairs. Mrs. Norris and another witness called on her behalf were at the curtain counter in the basement between thirty and forty minutes before Mrs. Norris ascended the stairs. While they were in the basement no one else came down the stairs and they did not hear the bottle cap fall on the step.

The plaintiff had the burden of proving that the foreign substance had been on the floor for such a period of time that it should have been discovered and removed by the defendant, and sought to establish that the cap was on the stairs for the thirty to forty minutes that



Mrs. Norris was in the basement. The appellate court reversed the trial court and remanded with directions to enter judgment for the defendant, holding that it would be necessary to pile inference on inference to support a finding that the cap had been on the stairs for thirty to forty minutes. In describing the "chain of inferences" necessary the court stated as follows:

*"For us to hold otherwise would amount to our saying the jury could base its finding of negligence on the following chain of inferences: Mrs. Norris was close enough to the stairs to have heard the placing or dropping of the cap on the step if it had been done while she was in the basement. That regardless of whatever else she was doing she would have heard it if the cap had fallen there while she was in the basement; although she did not see the cap when she went down the steps at the same place and holding the guard rail, it must have been there 30 to 40 minutes; that since it was there at least 30 minutes a failure of the management to find and remove it within that time was negligence. As to such a tenuous chain of reasoning to supply the proof of negligence we have said:*

*" 'The criticism in the field of logic, even though such criticism does not result in an absolute legal prohibition against piling inference on inference, stems from the very remoteness of the conclusion from the known facts.' Smith v. General Motors Corp., 5 Cir., 227 F.2d 210, 216."* (Emphasis supplied)

It is also improper and too speculative to attempt to fix a time period for purposes of constructive notice, by testimony showing a deteriorated condition of the foreign substance. In *Sattler v. Great Atlantic & Pacific*

*Tea Company*, W.D. La., 18 F.R.D. 277, the court discussed the matter as follows:

“Plaintiff insists that the condition of the object being ‘withered,’ as testified to by Mrs. Sattler, is probative evidence to establish or to reasonably infer that it had remained on the floor an unreasonable length of time. *To accept such as proof would be basing an inference upon an inference.* As pointed out by counsel for defendant, *such proof was expressly rejected by the Louisiana courts in the Powell case, supra*, with respect to the color of a banana, and in the *Boucher case, supra*, with respect to popcorn; *by the Eighth Circuit Court of Appeals in the Campbell case* with respect to the speculation required to determine how long tobacco juice had been on the floor by the fact that its outer rim or perimeter had dried; *by the Michigan and Connecticut courts* with respect to the appearance and condition of dry, dirty frankfurter skins and fatty meat. *Edwards v. F. W. Woolworth Co.*, 129 Conn. 245, 27 A.2d 163; *Evans v. S. S. Kresge Co.*, 290 Mich. 698, 288 N.W. 322, 291 N.W. 191. More to the point, however, is the decision of our own Fifth Circuit Court of Appeals in the comparatively recent case of *Stowe v. S. H. Kress & Co.*, Dec. 11, 1947, 164 F.2d 593, 594, where the court said:

“ ‘The fact that the banana peel was black is not indicative of the length of time that it was allowed to stay on the stairway. As stated by the court below: ‘In the first place there is nothing in the evidence here as to what caused it to turn black. That is all counsel’s theory, without any evidence. You would have to take judicial notice that it stayed right there on the floor until it turned black; that it did not turn black from staying on the banana stalk too long’.”



“Believing as we do that there is no evidence in this record, which, if believed, would authorize a finding against the defendant, the motion for a directed verdict is sustained.” (Emphasis supplied)

In *Campbell v. Schwers-Campbell, Inc.*, N.M., 285 P.2d 497, the court discussed the question of inferences supported only by surmise or conjecture and quoted from another decision, *Stambaugh v. Hayes*, N.M., 103 P.2d 645, as follows:

“An inference is not a supposition or a conjecture, but is a logical deduction from facts proved (*State v. Jones*, 39 N.M. 395, 48 P.2d 403) and guesswork is not a substitute therefor.”

“Where evidence is equally consistent with two hypotheses, it tends to prove neither.” *P. F. Collier & Son v. Hartfeil*, 8 Cir., 72 F.2d 625. (Emphasis supplied)

### **Shipowner Not Negligent — No Evidence that Alleged Condition Was Slippery or Dangerous**

There was no testimony in the record that the condition described by appellee was slippery or dangerous. The testimony concerned only the slip (Tr. 28, 45, 54).

The slip was a very little one (Tr. 45).

In *De Baca v. Kahn*, N.M., 161 P.2d 630, it was claimed by the plaintiff that she had slipped and fallen in defendant's store because the floor had been allowed to remain wet with oil rendering it slippery and dangerous to walk on. The jury rendered a judgment for the plaintiff and the defendant appealed. It was reversed on appeal and remanded with instructions that

judgment be entered for the appellant. In discussing whether the fact that the plaintiff had slipped would in and of itself establish a dangerous walking surface, the court stated as follows on page 635:

“The fact that plaintiff slipped and fell on the floor does not, of itself, tend to prove that the surface over which she was walking was dangerously unfit for the purpose. *Knopp v. Kemp & Hebert*, 193 Wash. 160, 74 P.2d 924; *Rothschild v. Fourth and Market Street Realty Co.*, 139 Cal. App. 625, 34 P.2d 724.”

It would seem to be a matter of common knowledge that a floor would be slippery for the purpose of dancing. The fact that a person slipped on a dance floor is not sufficient to establish negligence. In discussing the question of a slippery dance floor, the court in *Kalinowski v. Y.W.C.A.*, Wash. 135 P.2d 852, made the following statements:

“Of course, there is the additional fact that respondent slipped, which of itself is not sufficient to establish negligence. Furthermore, the use of this mixture to make the floor smooth is not negligence *per se*, since it is customary to prepare a floor for dancing \* \* \*

“Respondent therefore knew, or as a reasonably prudent person should have known, that the substance used on the dance floor would not only make the dance floor slippery, but that some of it would adhere to the shoes and make them smooth and slippery, and would also be tracked out onto the linoleum by those going from the dance floor out to the lobby.”

There is therefore no testimony in the record to establish that the condition described by appellee ren-

dered the dance floor slippery or dangerous. Cf. the testimony regarding "slipperiness" given in the recent decision of *Allen v. Matson Navigation Company*, 9 Cir., 255 F.2d 273. In pointing out that the mere fact there was a fall did not indicate why the fall occurred and further indicating the significance of the circumstances as indicating a "*slipping fall*," this court stated:

"Although the mere fact that Mrs. Allen fell would by itself be no evidence as to why she fell, yet the circumstances of how she fell, when considered with the other evidence in the case, has considerable significance. The witness who saw Mrs. Allen fall, as well as Mrs. Allen herself, testified that as Mrs. Allen walked across the landing, *both of her feet flew straight out in front of her and up into the air while she fell with a thud upon her back. That is at least some evidence that hers was a slipping fall.* This fact distinguishes this case from that of *Harpke v. Lankershim Estates*, 103 Cal. App.2d 143, 229 P.2d 103, upon which the trial court relied." (Emphasis supplied)

In the instant case, there was a very little slip (Tr. 45) which would indicate nothing as to whether the floor was *unreasonably slippery*; the same slip might as easily be explained by the fact that it occurred on a dance floor during appellee's dance. There was no other evidence to establish that this condition rendered the dance floor *unreasonably slippery*. The instant case is analogous to *Harpke v. Lankershim Estates*, Cal., 229 P.2d 103, upon which the trial court in the *Allen* case relied, and which is referred to by this court in the above quotation. The comment by this court in distinguishing the *Harpke* case is most appropriate and spells out the

situation which also exists in the instant case. In footnote No. 8 on page 280, this court stated as follows concerning the *Harpke* case:

“That was a case where the plaintiff who fell down on the stairway of a building testified that she lost her balance and stumbled head first down the stairs. She did not know what caused her to stumble but she said the stairs were slippery. *The court held that no inference of negligence rises from the mere proof of a fall; that the burden rested upon the plaintiff to show the existence of a dangerous condition* and that the defendant knew or should have known of it; and that no inference of negligence arose merely from the proof that the floor was slippery in the absence of proof of some foreign substance on the floor was known to the owners. The court said (103 Cal. App.2d 143, 229 P.2d 105): ‘*The minimum duty of a plaintiff is to show that the stairway was in fact unsafe and that she fell because of that condition*’.” (Emphasis supplied)

Furthermore, even assuming a slippery condition and a time period of 15 to 25 minutes, this evidence would still not support the finding that the shipowner should have discovered it and thereafter had a reasonable opportunity to correct it, in view of the small size—“five or six inches” (Tr. 28), its indefinite color (Tr. 49), and its location in the middle of the dance floor (Tr. 41) during the progress of the contest.

Finally, there is *no evidence* in the record that appellee *in fact slipped in the condition* described by him. Appellee testified only that he observed the substance “right next to my foot” (Tr. 28). There is no testimony

in the record to support the finding that he slipped as a proximate result of the condition or that he fell to the floor (Tr. 11, Finding II) ; said finding was clearly erroneous and should be reversed.

**Statement by Cruise Director Inadmissible as Hearsay and Immaterial.**

Statements by the Master of the vessel may bind the vessel owner. Statements made by others, including the Chief Mate, are inadmissible. *Naylor v. Isthmian S.S. Co.*, 2 Cir., 187 F.2d 538.

The statements made by the cruise director, in any event, are immaterial to the issues of negligence or proximate cause raised in this appeal. In *Campbell v. F. W. Woolworth and Company*, 8 Cir., 117 F.2d 152, the court considered statements made by the defendant's store manager after the plaintiff had slipped on a spot of tomato juice. She testified that: "He said something about it should have been cleaned up. There evidently was negligence on somebody's part that it wasn't cleaned up. That is all that he said." The plaintiff argued that the statement by the store manager indicated that he knew of the condition before the fall and that the trial court should have drawn that inference. The appellate court held that "such an inference would clearly have been unwarranted \* \* \* " and refused to permit any such inference to be drawn from the statements.

In the same decision the court refers to the case of *Varner v. Kroger Grocery & Baking Co.*, Mo., 75 S.W. 2d 585, in which the defendant's manager had made the



statement after the plaintiff had slipped on a banana as follows: "We were so busy in the store we did not have time to clean it." It was argued that this statement was tantamount to an admission of actual knowledge of the presence of the banana on the floor, but the court held that that was a "strained and conjectural meaning" and did not warrant an implication of actual knowledge. Statements made after the accident which do not establish actual knowledge or constructive notice are disregarded. *Stowe v. S. H. Kresge & Co.*, 5 Cir., 164 F. 2d 593.

### CONCLUSION

The findings of the District Court are clearly erroneous and based upon conjecture, speculation and the building or piling of inferences on inferences. The findings should be set aside and the cause remanded to the District Court with directions to enter judgment for the appellant.

Respectfully submitted,

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# APPENDIX A — TABLE OF EXHIBITS

<i>No.</i>	<i>Description</i>	<i>Identified</i>	<i>Offered</i>	<i>Refused</i>
Defendant's A	Deposition upon oral examination before trial of Louis Russak.	75-77	77	77

No. 16169

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**United States Court of Appeals**  
**For the Ninth Circuit**

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MOORE-McCORMACK LINES, INC., a Delaware corporation,  
*Appellant,*

vs.

LOUIS RUSSAK, *Appellee.*

---

APPEAL FROM THE UNITED STATES DISTRICT COURT FOR  
THE WESTERN DISTRICT OF WASHINGTON,  
NORTHERN DIVISION

---

**RESPONDENT'S BRIEF**

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FILED

MAR 17 1959

PAUL P. O'BRIEN, CLERK

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# United States Court of Appeals

## For the Ninth Circuit

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MOORE-McCORMACK LINES, INC., a Delaware corporation,	<i>Appellant,</i>	} No. 16169
vs.		
LOUIS RUSSAK,	<i>Appellee.</i>	

---

APPEAL FROM THE UNITED STATES DISTRICT COURT FOR  
THE WESTERN DISTRICT OF WASHINGTON,  
NORTHERN DIVISION

---

### RESPONDENT'S BRIEF

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#### STATEMENT OF JURISDICTION

Respondent accepts and adopts appellant's statement of jurisdiction.

#### STATEMENT OF THE CASE

The facts in this case are very simple. Action was brought by the respondent to recover damages sustained when he was a passenger on the appellant's vessel. The injury occurred when the respondent slipped on the dance floor in the main salon, due to the presence of residue of crushed grapes.

The trial court found as a fact that there was the residue of fruit on the dance floor and that reasonable opportunity existed for the appellant to have noticed the condition and to have cleaned it up (Tr. 11, Findings of Fact 2).

The only witnesses testifying to the facts were the respondent, Russak, his wife, and the ship's doctor, Dr. Robert B. Kayser. Respondent was participating in a

carnival performance put on by the vessel for its passengers. Before respondent's actual participation, he observed one of the fellow passengers who was also going to perform and who was described as wearing a "Carmen Miranda" costume, carrying fruit and giving and throwing fruit including grapes to the fellow passengers seated around the dance floor (Tr. 27, 38, 52). This occurred about twenty to twenty-five minutes before the respondent and his wife went onto the dance floor to participate in the dancing (Tr. 27, 53). Respondent testified that he had just started to dance when his foot slipped and he felt a sharp pain. He managed to keep himself from falling to the floor. He testified that, "I could see right next to my foot a little bit of moisture. It looked like a few grapes, skin of a grape" (Tr. 28).

Respondent Russak immediately went over to a chair and sat down and removed his shoe. The cruise director came over and the respondent explained what had occurred, that there was some fruit on the floor (Tr. 29) and the cruise director went over and looked at the spot (Tr. 55). Respondent then reported to the ship's doctor, telling him what caused the fall (Tr. 30), and the doctor made a report of what occurred (Tr. 35). It was not believed at first that the respondent's injuries were serious. It was later discovered that the respondent had a fractured bone in his foot (Tr. 32) which received treatment throughout the remainder of the voyage and after the arrival of the vessel at Buenos Aires (Tr. 33, 34).

Dr. Robert B. Kayser, the ship's physician, testified on behalf of appellant. He was present at the festivities

but did not see the accident or any accident (Tr. 58). He was taking pictures (Tr. 65) and did not recall even seeing Mr. and Mrs. Russak as contestants (Tr. 66), nor did he recall the so-called "Carmen Miranda" act (Tr. 70), although he did remember one of the passengers in the costume of Nero and his daughter who carried fruit (Tr. 70). He further testified that in addition to himself at these festivities there was present from the vessel's staff the cruise director, the cruise directress, the lounge steward, probably a second steward, and some of the executive officers of the vessel (Tr. 58). It is the duty of the lounge stewards to be on the job while passengers are in the main salon (Tr. 63). The doctor testified that "When anything is spilled on the dance floor, such as water, which frequently happens, et cetera, there is a lounge steward there to clean it up immediately" (Tr. 64).

Dr. Kayser corroborated that he asked the respondent the circumstances of the accident (Tr. 72). Under questioning by the court he had a vague recollection of a statement about grapes (Tr. 74). He testified that a statement was taken from the injured person at the earliest feasible time (Tr. 75) and that a report was made. He had occasion to review the records immediately prior to his testifying (Tr. 71). The records, however, were not produced in court, as was commented upon by the trial court in its oral opinion.

At the close of the case the experienced trial court carefully reviewed the evidence in announcing his decision (Tr. 77-81). While admitting that the evidence was far from being clear and definite as all parties

might wish, such weakness was inherent in this type of case. The court found that there was a foreign substance on the floor similar to grapes. The court affirmatively found (Tr. 78) that the Russaks were objective and frank in their testimony. The court also commented upon the fact that the evidence showed that a report was made about the incident at the time, which report was not produced by the defendant (Tr. 78).

The court then carefully analyzed the evidence relating to notice of the condition by appellant and its opportunity in the exercise of reasonable care to clean up the condition. The court applied the rule that the appellant must exercise the highest degree of care for the safety of passengers to remove the material from the floor (Tr. 79). It commented on the fact that the period of time in which the appellant should have seen and removed the material should be brief in view of the crowded party on the dance floor with a lot of people milling around and performing. A very short period of time would be long enough for one or another of the several employees of the appellant who were in the hall to see and remove the foreign substance from the small area of floor space. The court felt that these employees would have to watch conditions pretty closely. Particularly if some girl was throwing fruit around among the guests, which the court found was a fact (Tr. 80).

The court found that the respondent had suffered injury as the result of the lack of care on the part of the appellant and awarded damages to respondent. Appropriate findings of fact and judgment were thereafter entered.

## ARGUMENT IN SUPPORT OF THE JUDGMENT

Appellant challenges the sufficiency of the evidence to support the court's findings of fact II (Tr. 11). The court found that the appellant had failed to exercise the highest degree of care consistent with the operation of the vessel in that it permitted spilled fruit or residue to remain on the floor of the main lounge after a reasonable opportunity to remove the same. That as a direct and proximate result of this negligence the respondent sustained the injury.

We doubt if any rule of review has been more consistently followed and applied than the part of Rule 52(a) of the Federal Rules of Civil Procedure that “. . . Findings of Fact shall not be set aside unless clearly erroneous, and due regard shall be given to the opportunity of the trial court to judge the credibility of witnesses.”

This finding must stand unless clearly erroneous. Appellant does not point out any evidence in the record which challenges the finding. We call the court's attention to the direct testimony of the respondent, Russak, that just after he started to dance his foot slipped and he felt a sharp pain and he kept himself from falling to the floor. He saw “Right next to my foot a little bit of moisture. It looked like a few grapes, skin of a grape” (Tr. 28). Russak made a resort of the circumstances to the appellant. Bearing in mind the admonition contained in Rule 52(a) that due regard shall be given to the opportunity of the trial court to judge the credibility of witnesses, it is thus apparent that there is substantial evidence to support the court's findings that there was a residue of fruit on the floor.



In addition, there are some strong inferences to be made from the record in support of the court's findings. Russak testified that a report was made concerning this condition. This was corroborated by the appellant's witness, Dr. Kayser (Tr. 75), and this is also in accord with the usual experience in matters of this nature. The appellant failed to produce this report.

The failure to produce this report and the absence of any explanation to why it was not produced leaves a strong inference that if produced it would have corroborated the testimony of the respondent. (20 Am. Jur. 188).

Appellant's principal challenge is directed to the finding that it had constructive or actual notice of the condition with a reasonable opportunity to clean it up. To answer this challenge, it is only necessary to refer to the court's oral decision and the reference to the testimony that one of the female passengers was throwing fruit to the other passengers on the dance floor and which this court found as a fact (Tr. 80), and that this occurred twenty to twenty-five minutes prior to the accident. At that time there were at least four of appellant's employees present and participating in the affair who saw or should have seen what was going on. Among these employees were the lounge steward and probably his assistant (Tr. 58) who were specifically charged with the duty of cleaning up the floor (Tr. 62, 63), a hazard which was frequently anticipated (Tr. 64).

In view of the finding of the throwing of fruit about the floor twenty minutes or so prior to the accident, the crowded dance floor, the presence of appellant's em-

ployees charged with the duty of keeping the floor clean, an inference must follow from these facts that the appellant had a reasonable opportunity to clean up the floor. This inference is particularly strong in this case when we must consider that the rule of care which applies here is the highest degree of care consistent with the practical operation of the vessel.

Certainly there was nothing impractical or difficult in checking the condition of the floor when the "Carmen Miranda" act was finished. Considering the number of people involved and the nature of the activity, common sense indicates no other course.

Actually, the only conflict of evidence on the issue of the time element relating to the opportunity to clean up, exists in the testimony of the ship's doctor. This testimony was that he did not recall the Carmen Miranda incident, but did recall Nero and his daughter who carried fruit (Tr. 70). Other than this, the testimony concerning this incident stands undisputed. The trial court made a finding that the fruit throwing incident did in fact occur.

This reviewing court will not resolve a conflict in the testimony of witnesses. This court has emphasized the importance of the conclusions of the trial judge which derived from his opportunity to pass upon the credibility of witnesses.

*Grace Bros. v. The Commissioner of Internal Revenue*, 173 F.(2d) 170 (CCA9).

On appeal, that view of the evidence must be taken which is most favorable to the prevailing party, and if when so viewed the findings are supported by sub-

stantial competent evidence, the trial court findings must be sustained.

*Federal Savings & Loan Association v. The First National Bank*, 164 F.(2d) 929 (CCA8).

Applying these views reinforces the respondent's position. There is in this record substantial evidence to support the court's findings.

### **ANSWER TO THE ARGUMENT OF APPELLANT**

Appellant specifies as error the court's finding that there was a fruit residue on the floor and that there was actual or constructive notice of this condition (App. Br. 9). Appellant makes no argument however in support of the specification that there was no evidence to support the finding that there was a fruit residue on the floor. Its principal argument is on the issue of notice.

We have no quarrel with the statement of the rule, that as far as passengers are concerned, there is no liability on the part of the ship owner for a passenger's injury due to slipping on a foreign substance without proof of actual or constructive notice of the existence of this substance. It would serve no purpose, therefore, to discuss the various cases cited by the appellant in support of this proposition (App. Br. 12, 17).

Appellant's argument to establish that there was no constructive or actual notice of the fruit residue on the dance floor ignores the practicalities of the situation. Appellant's labored syllogism is based upon technical interpretation of isolated bits of testimony. Appellant does not deny that there was a "Carmen Miranda" tossing fruit to the passengers. While commenting that

she was walking all the way around the dance floor appellant conveniently ignores that portion of the testimony that "Carmen Miranda" was on the floor throwing fruit to the passengers (Tr. 27) and that there were lots of children and adults on the dance floor. Appellant's conclusion as to the exact position of the respondent in the middle of the floor is based upon the isolated statement (Tr. 41) that the slip occurred in the middle of the floor and from this statement argues that this was the exact mathematical point where it occurred. This testimony was brought out in connection with questions concerning a rough diagram drawn by counsel, where the general area of the dancing was indicated (Tr. 42) and that there were other couples on the floor at the time (Tr. 43). After setting up this false premise, appellant urges that the spillage must have been transported twelve feet from the edge of the dance floor (App. Br. 19) and there was no evidence of how it was transported to the center, therefore, there was no evidence of notice. Appellant ignores the testimony that respondent moved around in the dance (Tr. 41). Appellant's argument necessarily assumes that grapes, once dropped, will remain exactly at the point where dropped.

Appellant's strained attempt to describe the foreign substance as "moisture" (App. Br. 18) ignores the common meaning of language. The testimony upon which it bases this effort is "I could see right next to my foot there was a little bit of moisture. It looked like a few grapes, skin of a grape" (Tr. 28). There can be no question as to what was actually meant by this state-

ment. The trial court knew what was meant and so found.

It is also significant that no comment is made by appellant anywhere in its brief of the presence of the cruise director, the assistant cruise directress, two lounge stewards, the ship's doctor, and several of the ship's executive officers during this period (Tr. 58). The presence of these members of the vessel's crew has a direct relationship to the question of notice. Ignoring them in the brief does not eliminate this testimony nor absolve the appellant of its responsibility for their failure to exercise due care.

The ultimate fact of negligence is an inference to be drawn from all of the circumstances in the case, but evidentiary facts must be established that would warrant a reasonable person to infer negligence (38 Am. Jur. 1031). What are the evidentiary facts which were established? "Carmen Miranda" tossing grapes to the dance floor to passengers seated or standing around the floor. Twenty or twenty-five minutes later grapes, or the residue of grapes, were noticed on the same dance floor. Reasonable men would infer that they were dropped at the time "Carmen Miranda" tossed them about.

The actual dropping of the grapes need not be established by direct evidence. This is an inference from the facts. This is similar to proof of proximate cause which need not be established by testimony of eye witnesses nor by direct or positive evidence, but may be proved by circumstantial evidence. It may be determined by the circumstances of the case. *Johnson, administrator,*



*v. Griffith SS Co.*, 150 F.(2d) 224 (CCA9) ; 38 Am. Jur. 1033.

It would be of very little assistance to this court to analyze all of the cases cited by the appellant. As stated above, respondent has no quarrel with the rule of law that notice must be found to establish liability. In applying this rule, the cases cited by appellant relate to factual situations. These factual situations can be distinguished from the facts of the case at bar.

*Old South Lines, Inc. v. McQuiston*, 92 F.(2d) 439 (CCA5) (App. Br. 20) has very little parallel with the facts to the case at bar. In that case a period of nine hours elapsed between the time the plaintiff saw a person eating a banana at the front of the bus and the time the plaintiff was injured in back of the bus. By reason of the distance involved and the time element, the court in that case stated that it would require an inference that another passenger had thrown the discarded banana peel (App. Br. 22).

Appellant cites *J. C. Penney Co. v. Norris*, 250 F.(2d) 385 (CCA5) (App. Br. 23) which is no authority upon which respondent's factual situation can be challenged. In that case there was no evidence whatever that the bottle cap which caused the fall was noted prior to the accident.

As there was evidence in this case of a definite period of time upon which to base constructive notice, i.e., the action of "Carmen Miranda," appellant's citation of *Sattler v. Great A & P Tea Co.* (D.C. La.) 18 F.R.D. 277 (App. Br. 25) discussing the attempt to fix time by the deteriorated condition of the foreign substance has no application.



Nor are appellant's cases (*DeBaca v. Kahn* (N.M.) 161 P.(2d) 630; *Kalinoski v. YWCA* (Wash.) 135 P. (2d) 852; *Harpke v. Lankershim Estates* (Calif.) 229 P.(2d) 103) that the fall itself was offered as evidence of the slippery condition in point, as there is evidence in this case of the substance which created the dangerous condition.

*Allen v. Matson Navigation Co.*, 255 F.(2d) 273, decided by this court and cited by the defendant (App. Br. 28) contains a discussion of a duty of a vessel toward passengers with relation to slippery conditions in areas used by passengers. There was involved a suit by a passenger for injuries sustained by a fall on the stair landing on the SS "LURLINE" while docking at San Francisco. While walking across the landing, Mrs. Allen's feet slipped from under her and she fell flat on her back. She alleged that the landing was excessively slippery and unsafe. Another passenger testified (P. 275) "Surface quite slippery and had felt that way other times." The plaintiff testified, "It was more or less shiny and slippery" on this and previous mornings.

The stairs were regularly mopped with water containing a glass cleaner. The jury found for the plaintiff upon which the trial court entered judgment *n.o.v.* which was appealed to this court. This court reversed and directed the entry of the judgment on the verdict.

During the course of the discussion this court stated (Page 277):

"Plainly enough, as a carrier it was the duty of the defendant here to exercise extraordinary vigilance and the highest skill to secure the safe

conveyance of the passenger. As stated in *Pennsylvania Co. v. Roy*, 102 U.S. 451, 26 L.ed. 141, 'For the slightest negligence or fault in this regard from which injury results to the passenger, the carrier is liable in damages.' "

The court also discusses the ability of a person to give an opinion as to the slippery surface only by virtue of having walked upon it. It is also interesting to note that this court states:

"The evidence does not disclose why the floor was slippery and it was not incumbent upon the plaintiffs to show the reason for its slipperiness \* \* \* ." (Page 280)

In general, appellant's argument is based upon the criticism that the evidence in support of the judgment was not definite enough. The best answer to this argument is the opinion of the experienced trial judge (Tr. 77, 78):

"THE COURT: Of course, the evidence is far from as satisfactory, clear, and definite as all of us, the plaintiff, the defense, and the Court might wish. This is a weakness, if you want to call it that, inherent in a case of this kind. I suppose that I have handled hundreds of them and I have tried dozens of them and feel some familiarity with the practicalities of such a case.

"Russak and his wife were at the ship fiesta having a good time. That is what they paid their cruise passage money for. The party was arranged as a gala affair with the idea that people could be carefree and have fun, frolic about, and even do the kazotska dance. Suddenly an incident like this happens, and, of course, they happen not infrequently. The person injured in such an incident

isn't going to stop and minutely examine conditions and get photographs thereof. He is going to look down to see what caused his injury, and seeing something there, is going to look at it. But his ankle is paining him, and he goes over and gets out of the way of other performers and hopes that by the next round he will be able to answer the bell. It is a perfectly natural, normal reaction."

Respondent does not deem it necessary to discuss the alleged hearsay statements of the cruise director which have been specified as an error by appellant as it makes no contention in its argument (App. Br. 30) that these statements had any effect on the court's decision, or were considered by the court.

### CONCLUSION

This case was tried to the court. Upon conflicting testimony the court found that there was a slippery substance on the dance floor and that facts were established from which it could be reasonably inferred that this substance was on the dance floor approximately twenty minutes before the accident. The court further found from the evidence, that under the circumstances existing at the time, the presence of those charged with the duty of cleaning up any such material which may have been spilled, that the appellant had or should have had notice of the presence of this substance. It further found that in the exercise of that degree of care owed by the appellant as a carrier to the respondent as a passenger that this substance should have been removed prior to the accident. The failure to remove this was a proximate cause of respondent's injury.

The findings of the trial court are not clearly erroneous and, therefore, the judgment should be affirmed.

Respectfully submitted,

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No. 16,170 ✓

United States Court of Appeals  
For the Ninth Circuit

GLADYS LAYCOCK,

*Appellant,*

vs.

FRANK J. KENNEY,

*Appellee.*

Appeal from the United States District Court  
for the District of Oregon.

APPELLANT'S OPENING BRIEF.

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No. 16,170

# United States Court of Appeals For the Ninth Circuit

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GLADYS LAYCOCK,

*Appellant,*

vs.

FRANK J. KENNEY,

*Appellee.*

Appeal from the United States District Court  
for the District of Oregon.

## APPELLANT'S OPENING BRIEF.

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### STATEMENT DISCLOSING JURISDICTION.

Plaintiff is part owner of gold mining property in Oregon, deriving her title under a patent from the United States Government, which granted the mining premises together with all the rights, privileges, immunities and appurtenances thereunto belonging.

Defendant is the Special Agent in Charge, United States Secret Service, Treasury Department, responsible for the enforcement in Oregon of the Gold Regulations issued by the United States Treasury Department and responsible for investigations of alleged violations thereof, and for making arrests for such alleged violations thereof and for causing criminal

proceedings to be instituted thereunder through the Department of Justice.

Plaintiff seeks a declaratory judgment to invalidate the said regulations and a permanent injunction to prevent the enforcement of said regulations against her, and to prevent her arrest or prosecution for operating her mining property and selling the metal produced therefrom (gold) without a license, and to prevent the confiscation of her metal (gold) by the United States.

Plaintiff alleges such regulations to be in violation of the Constitution and the rights guaranteed to her by the Constitution of the United States.

The jurisdiction of the District Court exists under Article III, Sec. 2 of the Constitution and the Act of June 22, 1948. (See Chapter 646, 62 Stat., 930; 28 USCA Sec. 1331.)

Jurisdiction of this Court exists under Title 28 USCA Sec. 1291.

This case involves the validity of the Gold Regulations, a copy of which is attached as Appendix A hereto.

The authority for those regulations, as asserted by the regulations themselves, is the so-called Gold Reserve Act of 1934, 48 Stat., 337 (31 USCA 440 et seq.) and the Trading With the Enemy Act of October 6, 1947, 40 Stat., 415 (12 USCA 95a) and Executive Orders and regulations or delegations purporting to be issued under said statutes or either of them.

The Trading With the Enemy Act, which originally was confined to a time of war was amended on March 9, 1933 so as to apply "during any other period of national emergency declared by the President".

The sections of those two statutes which are asserted to be the basis for the regulations, which the plaintiff attacks, are as follows:

"(1) During the time of war or during any other period of national emergency declared by the President, the President may, through any agency that he may designate, or otherwise, and under such rules and regulations as he may prescribe, by means of instructions, licenses, or otherwise—

(a) investigate, regulate, or prohibit any transactions in foreign exchange, transfers of credit or payments between, by, through, or to any banking institution, and the importing, exporting, hoarding, melting, or earmarking of gold or silver coin or bullion, currency, or securities,  
\* \* \*."

USCA Title 12 Sec. 95a.

"On January 30, 1934, all right, title, and interest, and every claim of the Board of Governors of the Federal Reserve System, of every Federal Reserve bank, and of every Federal Reserve agent, in and to any and all gold coin and gold bullion shall pass to and are vested in the United States; and in payment therefor credits in equivalent amounts in dollars are established in the Treasury in the accounts authorized under section 467 of Title 12 \* \* \*."

USCA Title 31 Sec. 441.

“The Secretary of the Treasury shall, by regulations issued hereunder, with the approval of the President, prescribe the conditions under which gold may be acquired and held, transported, melted or treated, imported, exported, or earmarked: (a) for industrial, professional, and artistic use; (b) by the Federal Reserve banks for the purpose of settling international balances; and (c) for such other purposes as in his judgment are not inconsistent with the purposes of sections 315b, 405b, 408a, 408b, 440-446, 752, 754a, 754b, 767, 821, 822a, 822b, and 824 of this title and sections 213, 411-415, 417, and 467 of Title 12. Gold in any form may be acquired, transported, melted or treated, imported, exported, or earmarked or held in custody for foreign or domestic account (except on behalf of the United States) only to the extent permitted by, and subject to the conditions prescribed in, or pursuant to, such regulations. Such regulations may exempt from the provisions of this section, in whole or in part, gold situated in places beyond the limits of the continental United States.”

The executive order under which the President claimed to act is Order No. 6260 of August 28, 1933 as amended by orders of January 12, 1934 and of January 15, 1934; appears as a note beneath Sec. 95a of Title 12 USCA.

One section of the so-called “Gold Reserve Act” is as follows:

“With the approval of the President, the Secretary of the Treasury may purchase gold in any amounts, *at home* or abroad, with any direct ob-

ligations, coin or currency of the United States,\* authorized by law, or with any funds in the Treasury not otherwise appropriated, at such rates and upon such terms and conditions as he may deem most advantageous to the public interest; *any provision of law relating to the maintenance of parity*, or limiting the purposes for which any of such obligations, coin, or currency, may be issued, or requiring any such obligations to be offered as a popular loan or on a competitive basis, or to be offered or issued at not less than par, to the contrary notwithstanding. All gold so purchased shall be included as an asset of the general fund of the Treasury."

48 Stat., Sec. 341, USCA Title 12 Sec. 734.

Section 54.44 of the Regulations issued by the Treasury Department is as follows:

*"Purchase Price.* The mints shall pay for all gold purchased by them in accordance with this subpart \$35.00 (less one-fourth of 1 percent) per troy ounce of fine gold, but shall retain from such purchase price an amount equal to all mint charges. *This price may be changed by the Secretary of the Treasury* without notice other than by notice of such change mailed or telegraphed to the mints."

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#### ABSTRACT OF THE CASE.

The complaint alleges:

(a) That plaintiff has heavily invested in and developed her mining claim containing gold, and has blocked out therein about 243,000 tons of ore;

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\*All italics herein supplied unless otherwise indicated.



(b) That Regulations prohibit the holding and processing of her product, gold, except under license, and that the Regulations and the form of license issued thereunder require and compel that the licensee sell all gold processed by her to the government or to persons authorized to receive said gold in exchange for paper currency of the nominal or face amount of \$35.00 for each ounce of gold;

(c) That the cost of mining and producing the quartz from her mine and processing it into gold, measured by and paid in such paper currency, exceeds the price at which the license requires such gold to be sold;

(d) That, therefore, the Regulations and the requirements of the license issued thereunder make it impossible for her to operate and produce gold at a profit and, therefore, compel that the property remain idle and unproductive and cause it to depreciate so as to become practically worthless; and that as a result of such idleness, the terminals, timbers, tracks, shoring, cribbing, machinery and other improvements are constantly deteriorating to the plaintiff's loss and further daily damage;

(e) That the present fair market value of gold is \$70.00 per ounce, and that such price would permit the plaintiff to make a profit out of operations of millions of dollars and would enhance the present resale value of her property to at least \$10,000,000.00;

(f) That under the Constitution of the United States there is no power in Congress or in any depart-

ment of the government to fix the price of gold, or to fix the price of any other metal;

(g) That no statute of the United States purports to set the price of gold or of any other metal, or to authorize any department of the government to do so;

(h) That setting the price of gold deprives the plaintiff of her property without due process of law in violation of the Fifth Amendment to the Constitution;

(i) That setting the price of gold in terms of paper currency by the Treasury Department and the requirement, as a condition of a license to produce gold, that such gold be delivered to the Treasury Department at such set price payable in paper currency, is beyond the constitutional power of the Federal Government, and deprives the plaintiff of her rights under the Constitution and of her livelihood from the operation of her property; and that it is, in fact, a confiscation of her metal;

(j) That the establishment of such set price of gold produced, which is below the cost of production, and the selling of such gold by the Treasury Department for industrial, professional or artistic use, at the same price, grants an unlawful benefit to such other users of gold at the expense of and to the damage of this plaintiff and other producers of gold, by permitting such other users of gold to obtain the metal for less than its cost of production and at the expense of the producers;

(k) That the defendant has threatened to cause plaintiff's arrest and prosecution involving criminal penalties, and has threatened confiscation of her gold and to cause fines to be imposed upon her if she should attempt to sell her gold at a fair price in the market in violation of such Regulations;

(l) That the enforcement of such invalid Regulations is causing this plaintiff an irreparable injury, and that she has no remedy at law;

(m) That all emergencies, war, economic or otherwise, pursuant to which any and all legislation with respect to gold ceased to exist prior to the commencement of this action, and that no such emergency now exists.

Upon those grounds the plaintiff prayed the Court to adjudge that setting the price of gold by the government is without any authority under the Constitution or under any law of the United States and is, therefore, invalid and void, and that the defendant be permanently enjoined from enforcing the provisions of the Regulations against her, and from enforcing any price for her gold, and from causing her to be arrested or prosecuted or fined for selling her gold without license and from causing her gold to be confiscated, and from interfering with her operation of her property or her marketing the gold produced therefrom for her own account.

The defendant moved to dismiss the complaint, which motion the District Court sustained on the ground that the complaint failed to state a claim upon which relief could be granted.

The brief findings of fact declared the substance of Sec. 821 of Title 31 USCA, which declares the dollar consisting of a specified weight of gold to be the standard unit of value, and which directs that all forms of money issued or coined by the United States shall be maintained at a parity of value with this standard, which makes it the duty of the Secretary of the Treasury to maintain such parity.

The Court also made the following finding of fact:

“Control of the entire domestic stock of existing gold and all additions thereto and subtractions therefrom, including the prevention of hoarding of old and newly-mined gold, are requisite to performance of the Secretary’s statutory duty ‘to maintain such parity’ ”. (Tr. p. 18.)

The conclusions of law declared that the Regulations were reasonably related to performance of the duty “to maintain such parity and the constitutional power to ‘regulate the value’ of money (sic) U.S. Constitution Article I Sec. 8”.

The judgment recited that for those reasons the complaint was dismissed upon the ground that it failed to state a claim upon which relief could be granted.

Following the entry of such judgment this appeal was timely perfected.

**SPECIFICATIONS OF ERROR.**

The District Court erred in the following respects:

(1) In dismissing the complaint upon the asserted ground that it failed to state a claim upon which relief could be granted;

(2) In failing to adjudge that the enforcement of the Regulations violates the rights of this plaintiff as guaranteed by the Constitution of the United States;

(3) In failing to hold that the Regulations are beyond the power of the government under the Constitution;

(4) In failing to hold that the Executive Orders and the Regulations are beyond and in excess of any power granted by the statutes under which such Executive Orders and Regulations purport to be issued;

(5) In failing to hold that under the Constitution the government has no power to set the price of gold;

(6) In failing to hold that neither the Trading With the Enemy Act nor the Gold Reserve Act give or attempt to give any officer of the government power to set the price of gold;

(7) In failing to hold that gold is a commodity and that gold produced from plaintiff's property is her private property, and in failing to hold that enforcement of the Regulations, including the setting of the price of gold, deprives this plaintiff of her private property without just compensation in violation of the Constitution;

(8) In failing to hold that the price setting provisions of said Regulations (a) constitute legislation



by the Executive Department of the government in violation of Article I Sec. 1 of the Constitution and (b) caused this plaintiff to be deprived of just compensation for her property and of the right to have such just compensation determined by a Court in violation of the due process clause of the Fifth Amendment to the Constitution of the United States, and in violation of Articles I and III, Sec. 1 of the Constitution;

(9) In holding that control of the entire domestic stock of existing gold and all additions thereto and subtractions therefrom are necessary to the duty to maintain the parity specified in Sec. 821 of Title 31 USCA;

(10) In holding that the Regulations and the restrictions thereby imposed upon the private occupation of gold mining are reasonably related to the duty to maintain such parity, and to the power granted by Sec. 8 of Article I of the Constitution, which power is expressed in the conclusions of law of the Court below to be the power to "regulate the value of money". In point of fact the power given by Sec. 8 of Article I is not the power to regulate the value of money but is confined to the power "to regulate the value of *coined money* and of foreign coin".

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#### DEFINITION OF TERMS AND HISTORICAL BACKGROUND.

Although this complaint raises grave questions under the Constitution of the United States, the District Court did not specifically rule upon the ques-



tions raised by the complaint nor upon its allegations that the Regulations and Acts complained of are in excess of the power granted by the Constitution and violate the rights of this plaintiff, as guaranteed to her by the Constitution.

The transcript of the proceedings below, particularly the colloquies between Court and counsel, evidence: that the District Court was under the impression that Congress has power to "fix the value of money", but was also of the opinion that the government had no power to direct that a citizen could not convert his ore to gold bullion unless he first signed a contract by which he agreed to deliver such gold to the mint at \$35.00 an ounce. But the defendant urged that since Sec. 314 of Title 31 USCA imposed the duty upon the government of maintaining all forms of money at a parity of value with the gold standard specified in the statute, that it was necessary to fulfill that duty for the government to own or control the entire domestic stock of existing gold.

The defendant also urged that the restrictions imposed upon the private occupation of gold mining, including the power to fix the price of gold, were reasonably related to the constitutional power conferred by Sec. 8 of Article I of the Constitution, which power is expressed in the Constitution as follows:

"To coin money, regulate the value thereof and of foreign coin, and fix the standard of weights and measures".

In our argument which follows, we will state the claims as asserted by the plaintiff and the law in support thereof.

In opposition to the contentions advanced by the defendant, we state the plaintiff's claims and contentions with respect to those matters in positive form as follows:

(1) The ownership or control of the entire domestic stock of existing gold had no relationship whatsoever to the duty to maintain the parity called for by Sec. 314 of Title 31 USCA;

(a) As a matter of fact the ownership or control of the entire domestic stock of gold was not, never has been and is not now necessary to the fulfillment of the purpose of that statute nor of the duty imposed thereby.

(b) As a matter of law that statute does not require that the price of gold be maintained at a parity with the nominal amount or value of irredeemable paper currency issued by the government.

(2) That the restrictions imposed upon the private occupation of gold mining and the price fixing regulations included within those restrictions have no relation whatever or in any manner to the constitutional power above quoted to regulate the value of coined money and of foreign coin.

We will discuss those positive contentions hereafter in our argument.

Meanwhile we state the essential fact to be this:

The government asserts that no one may produce gold without a license from the government, and then requires as a condition for the granting of that li-

cense the agreement from the licensee that the licensee will turn over to the government all of his gold in exchange for irredeemable paper currency, at the rate of one ounce of gold for each \$35.00 face amount of such irredeemable paper currency.

The broad question presented is this: under the Constitution of the United States, has the government, which granted a patent covering a mining claim without any conditions attached to that patent, the power thereafter to assert that the owner of that patent may not produce from his mine the commodity which is found on the patented claim except under a license granted by the government, which license will not be issued unless the patentee agrees in advance to deliver all of the commodity produced by him (gold) to the government in exchange for a specified amount of such paper currency when, in point of fact, the cost of production of that commodity (gold) must be paid for in paper currency, and when the cost of production thereof, measured by such paper currency, exceeds the amount of such paper currency which the government says it will give for all the gold produced?

The record in this case and the subject matter show the necessity for accurate and precise language. Therefore, before presenting our argument, we will define our terms, giving to those words their plain ordinary meaning as declared by Webster's dictionary. We shall also state in the precise words of the Constitution the limited power granted thereby to the Federal Government over money.

With this precision we hope to avoid in this brief the confusion which followed by using loose language with respect to the subject matter which must be discussed in precise and accurate terms.

*Gold:* A metallic element of characteristic yellow color, the most precious metal used as a common commercial medium of exchange.

*Commodity:* That which affords convenience or profit, especially in commerce, including everything movable that is bought and sold—goods, wares, merchandise, produce of land, etc.

*Money:* Metal, as gold, silver or copper, coined or stamped and issued by a recognized authority as a medium of exchange; coinage in general.

*Coin:* A piece of metal certified by a mark or marks upon it, to be of a definite intrinsic or exchange value and issued by governmental authority to be used as money.

*Dollar:* A coin of the United States.

*Standard:* That which is set up and established by authority as a rule for the measure of quantity, weight, extent, value or quality; especially the original specific weight or measure sanctioned by a government as the standard pound, gallon, yard, meter or the like.

*Standard of Value:* The commodity which is made the measure of value in any comparison of values; specifically that which is the measure of value in a monetary system.

*Essentials of a Monetary System:* "Every monetary system must be based on a standard unit of value which consists of a fixed quantity of some definite concrete substance to be measured by the units of weight or space". (Encyclopedia Britannica, caption MONEY.)

*Regulate:* To govern or direct according to rule; to fix the time, amount, degree or rate of by adjusting, rectifying, etc. so as to regulate temperature, pressure or speed; also to adjust so as to work accurately or regularly; as to regulate a clock, carburetor or a meter.

Those definitions and principles establish that gold as gold, is a commodity. If and when gold be cast into coins and stamped with the stamp of the government as a guarantee of the weight and purity of the metal, which constitutes their value, such coins become money.

The very word "money" is derived from Moneta, another name for the goddess Juno. In her temple was kept the die for stamping coins; hence such stamped coins were called "Money".

Before coining gold into money a government must acquire the metal just as it must acquire silver and copper before coining those metals into money. We shall show hereafter that throughout the history of the United States the government has had full and complete power to buy those metals, gold, silver and copper in order to coin them into money.

We now quote two relevant provisions of the Constitution.



Congress shall have power “to coin Money, regulate the value thereof and of foreign coin, and fix the standard of weights and measures”. Constitution Article I, Sec. 8.

“No State shall \* \* \* make anything but gold and silver Coin a Tender in Payment of Debts”. Constitution Article I, Sec. 10, Cl. 1.

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**THE POWER TO REGULATE THE VALUE OF COINED MONEY  
AND OF FOREIGN COIN AND THE POWER TO FIX THE  
STANDARD OF WEIGHTS AND MEASURES.**

Those two powers, first, the power to coin money and, second, the power to regulate the value of such coined money and of foreign coin were granted by the same clause of the Constitution, which granted the power to fix the standard of weights and measures. Thus in one clause are granted three powers, one, to coin money, 2nd, to regulate the value of coined money and, 3rd, to fix the standard of weights and measures. The three powers are distinct and separate. They are, however, associated together in the Constitution because they are allied powers. The power to regulate the value of coined money could not be exercised unless and until Congress had fixed a standard of value by which to regulate the value of such coined money. The Supreme Court has said of that power:

“This power of regulation is a power to determine the weight, purity, some impression and denomination of the several coins and their relation to each other, and the relations of foreign



coins to the monetary unit of the United States.” (*Hepburn v. Griswold*, 8 Wall. 603, 616, 19 L. Ed. 513.)

The same Court referred to that power as:

“ ‘an important trust invested by the Constitution, and to the obligation to fulfill that trust on the part of the Government, namely the trust and duty of *creating and maintaining a uniform and pure metallic standard of value* throughout the Union. The power of coining money and of regulating its value was delegated to Congress by the Constitution for *the very purpose* as assigned by the framers of that instrument, *of creating and preserving the uniformity and purity of such a standard of value* \* \* \* having emitted a circulating medium for the purposes of the community and for the actions of the Government itself, they are accordingly authorized *and bound in duty to prevent its debasement* \* \* \*.” (*U. S. v. Marigold*, 9 How. 560, 568, 13 L. Ed. 257.)

That duty to preserve the fixed standard of value has been affirmed by all the authorities. In his report to Congress on the establishment of a mint Alexander Hamilton said:

“There is scarcely any point in the economy of national affairs of greater moment than the uniform preservation of the intrinsic value of the money unit. On this the security and steady value of property essentially depend”. (See Hamilton’s Report, Annals of the First Congress, Vol. II, pp. 2111 to 2140.)

Thomas Jefferson confirmed Alexander Hamilton’s report by letter to Hamilton in February, 1792. He wrote:

“Should it be thought, however, that Congress may reduce the value of the dollar, I should be for adopting for our unit, instead of the dollar, either one ounce of pure silver or one ounce of standard silver so as to keep the unit of money a part of the system of weights and coins”. (Jefferson’s Writings, edited by H. A. Washington, Vol. III, p. 330.)

Justice Story says that the very purpose of the power to regulate the value of coined money was “to secure it from debasement”. (Story on the Constitution, Sec. 1118.)

Hamilton preferred the use of the word “Unit” to the word “Dollar”, but recognized the general use of the word “Dollar”. (See Hamilton’s Report, *supra*.)

The first dollar of the United States was a silver coin which our First Coinage Act made the “Dollar” or “Unit”. (1 Stat. at Large, p. 248.)

There was no gold dollar of the United States until 1849 when, after the discovery of gold in California, Congress authorized a small gold coin and required it to be “of the value of one dollar or unit”, meaning the silver unit. (9 Stat. p. 397.)

Because such new gold coin was of the “value of the silver dollar”, the people generally called it a dollar, but that was the first time that the word dollar had been applied to a gold coin. In 1873 when Congress stopped the coinage of silver dollars, the statute made such gold dollar “the unit of value” (17 Stat. p. 426) and later confirmed that by the Act of 1900, which established the gold dollar of 25.8 grains of gold as the standard unit of value.

**THE DISTINCTION BETWEEN REGULATING THE VALUE OF  
COINED MONEY BY A FIXED METALLIC STANDARD AND  
DEBASING THE STANDARD ITSELF.**

President Cleveland made the distinction clear in a brief sentence:

“There is a vast difference between a standard of value and a currency for monetary use. The standard must necessarily be fixed and certain.”  
(Cleveland’s Message to Congress of December 2, 1895.)

Under the above quoted authority Congress was under the duty of protecting the metallic standard of value as the measure by which to regulate the value of all coined money—our own coined money as well as foreign coin. The standard of value was to remain fixed while the value of coined money was to be regulated by that standard. The power to regulate the value of coined money does not include the power to change the standard or regulation. The difference is essential and is made clear by a simple illustration.

Of course Congress has power to regulate the temperature of its own meeting room. In order to regulate that temperature it must have a standard, which is the thermometer, which registers the temperature. We are quite certain that if Congress changed the scale upon the thermometer and said that in doing so it was exercising its power to regulate the temperature of its meeting room, the people would laugh that Congress out of power. By exactly the same reasoning, if Congress reduced the standard of value, which is the measure of value of coined money, and said that

by reducing the standard it was regulating the value of coined money, its statement would be an absurdity.

A change of a standard, which is the regulator, is not the exercise of the power to regulate the value of money.

We note that Congress has the same power to regulate the value of foreign coin that it has to regulate the value of our own coin. No one would assert that a debasement of our standard of value would be regulating the value of foreign coin. For the same reason no one may properly assert that a debasement of our standard of value is any regulation of the value of our coined money.

The constitutional power of Congress is limited to regulate the value of coined money—our own coined money and of foreign coin. That is the extent of the power. Congress has no power to fix the value of money or to regulate the value of paper currency.

The value of coined money depends upon the weight and purity of the metal in any coin, i.e., the intrinsic value of that coin. Paper currency has no intrinsic value. Its value, if any, depends upon whether it can be redeemed in coined money upon demand.

Since paper currency has no intrinsic value, it would be impossible for Congress to regulate the value of paper currency and, accordingly, under our Constitution Congress has no power to regulate or attempt to regulate the value of paper currency.

## GOLD.

Gold, as metal is merely a commodity possessing certain unique qualities; but it is a commodity just as are silver, nickel and copper.

As a commodity produced by a citizen it becomes his property just as does any of the other metals produced by him, but it continues only as a commodity. *As a commodity it is not and cannot constitute money.* It continues to be a commodity even when processed or refined.

If a nation adopts that commodity as its money and casts it into coins bearing the government stamp as a guarantee of the weight and purity of its metal, that coin becomes money and fulfills the functions of money as (1) a standard of value, (2) a medium of exchange, and (3) a storehouse of wealth.

All money is a creature of law. Without law there could be no money. Only the law can authorize coined money.

When our law defines a specified amount of gold as the standard unit of value, it is futile to discuss the value of gold, because gold itself is the measure of value.

When a foot had been fixed as the unit of length, or a pound as the unit of weight, this Court would waste no time hearing arguments about the length of a foot or the weight of a pound.

For the same reason it is futile to discuss the value of gold.



Value means "worth". Value in the abstract is an ideal thing; in the concrete the value of anything must be expressed in terms of something else, so that an expression of value requires a comparison, and thus the value of any commodity is relative to that with which it is compared; it is not an absolute quality.

For that reason, and as a matter of practical necessity, a nation must establish an absolute—a standard by which to measure and express values.

The Supreme Court has said that such a standard is "indispensable for the purposes of the community and for the action of the Government itself". *U.S. v. Marigold*, 9 How. 560, 586, 13 L. Ed. 257.

When gold is declared by the government to be the standard unit of value, common sense will preclude any discussion of the value of gold and even of the price of gold. For that reason when a specified amount of gold was our unit of value, we never discussed the value of gold or the price of gold. We did speak of "the coinage value of gold", i.e., the amount of gold contained in the gold unit under our Coinage Act, which was the measure of our values as well as our monetary unit.

With the free coinage of gold the producer or holder of that gold received in exchange for his refined gold the identical amount thereof, but in the form of gold coins. Since one ounce of that refined gold was the exact amount contained in \$20.67, we said that gold had a "coinage value" of \$20.67 per ounce.



*But such coinage value was never forced upon the producers of gold under threat of penalties. They could do with their gold as they chose.* Neither that phrase nor any law ever passed by the United States attempted to fix the value of gold, but permitted a specified amount of gold to function, as the standard by which to regulate the value of coined money, of our own coined money and of foreign coin.

The value of coined money depends solely upon the value of its pure metal, measured against the metallic standard of value.

The Supreme Court has said that the dollar was declared to be legal tender because it is a piece of metal, certified to be of a certain weight and purity. *Bronson v. Rodes*, 7 Wall. 229, 250, 19 L. Ed. 141.

The same Court has said "the basis of our dollar of account \* \* \* is the standard gold dollar of 25.8 grains \* \* \*", and also said that the true method of comparing foreign coin with ours is "to ascertain the amount of pure metal in each \* \* \*. This practice is in accord with the rules laid down by the most enlightened economists". *Arthur v. Richards*, 23 Wall. 246, 259, 23 L. Ed. 95.

Accordingly our statute established the weight and fineness of the metallic standard of value, which it declares to be of gold. (Title 31, Sec. 311, USCA.)

Another statute requires that our money of account shall be expressed in "dollars" or "units." *Section 371.*

Another statute specifies that the value of foreign coin, as expressed in our money, shall be the value of the pure metal of such foreign coin of standard value.  
*Section 372.*

Another statute requires gold coins to be of full weight in order to be legal tender at their face value. If of less than full weight, such gold coins are to be legal tender at the value in proportion to their actual weight. That limitation of the legal tender capacity of gold coins to their actual value is carried forward in the Joint Resolution of June 5, 1933. (See Title 31, USCA, Sec. 462.)

Thus, all of our laws since the inception of our government, established that the value of coined money and its use as legal tender depend solely upon the weight and quantity of its pure metal, i.e., its intrinsic value.

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#### **WHEN GOLD WAS MONEY.**

Gold was authorized as our money from 1792 down to and until January 30, 1934.

With gold coinage Congress could exercise its power to regulate the value of coined money. Thus the Eagle was required to be of the value of ten Dollars or Units. To regulate the value of the Eagle as coined money was merely to compel that the Eagle should have a value ten times in excess of the value of the gold dollar, and that, therefore, the gold content of the Eagle should be ten times the gold content of the dollar or unit.

But at all times, when gold was our money, the people had the right to own and possess gold in any form, either as newly mined gold or as processed gold or as bullion, and that right continued even after the enactment of the so-called parity statute in 1900.

During all of that time the government did not have to control the domestic stock of gold nor to prohibit the private ownership of gold in order to maintain the parity required by the statute of 1900, nor to regulate the value of coined money. On the contrary, the laws of this nation, which establish the gold standard as the necessary requisite by which to regulate the value of coined money, also recognized that gold itself was and continued to be a commodity. Those laws also recognized the absolute rights of ownership in the producer of gold.

The Coinage Act of 1873 made the gold dollar of 25.8 grains the "Unit of value". (17 Stat., p. 426.) The same Coinage Act of 1873 did not attempt to control all gold or to require that the producer of gold should surrender his commodity at any fixed price. If the producer desired he could have his gold coined into money. *But the same statute provided that the producer of gold might, if he chose, have his gold cast into bars either of fine gold or of standard gold, and have such bars stamped with the designation of the weight and fineness of their metal.* (17 Stat., p. 427; USCA Title 31, Sec. 325.)

The producer owned his product—the commodity which he had produced. It remained as his property even though gold, when coined, became the money of

the country and even though a fixed amount of gold was then the declared national standard of value.

Gold, as gold, was a commodity. Gold, when cast and stamped by the government, became coined money, but each in its own form was a thing apart from the other. During all of that time the gold dollar was the standard of value by which the government was obliged to regulate the value of all other coined money. *But, at the same time, there was a free market for gold which was merely a commodity.* And during all of that time the laws authorized the government to buy gold at varying prices.

In 1895 the government contracted to buy millions in gold in exchange for government bonds payable in coin at a price for such bonds of \$104.496 or at a premium of 4.496%. (See Hepburn on Currency.)

The simple fact is that at all times the government had to obtain the metal which it desired to make coined money. The government did so and, accordingly, bought not only gold but silver, nickel and copper, all of which metals (as commodities) were necessary for the coinage of our metallic currency. We cite some of the numerous statutes authorizing the government to acquire those metals, which statutes were in effect while we used gold as money. The cited statutes appear in Title 31, USCA, as follows:

Sec. 408 authorized the purchase of gold with government bonds;

Sec. 409 authorized borrowing gold on government notes or bonds and selling such bonds to obtain gold;

Sec. 325 authorized an owner of gold or silver to have it cast into bars as distinguished from coin as money;

Sec. 335 authorized the purchase of silver for coinage.

Those statutes establish the fact that it was not and is not necessary to control all domestic gold or to prohibit the private ownership of gold as a commodity, either to maintain the parity required by the statute of 1900, or to exercise the constitutional power to regulate the value of coined money. *The private ownership of the commodity gold did not and could not interfere with either of those functions.*

The statutes which authorized the purchase of silver, nickel and copper to be coined into money are merely further proof of that fact by way of analogy. We, therefore, do not cite those statutes.

However, the indisputable fact is that from 1792 and until January, 1934, the government of the United States used gold as coined money, and never during that time was the free market for gold in the United States abolished. *Gold coin was used as money, while gold itself remained as a commodity.* The use of gold as money did not affect gold as a commodity nor vice versa. During all of that time the Constitution was the same in this respect as it has been since 1934, since the power granted thereby to coin money and regulate the value thereof has never been changed.

From 1900 and until January, 1934, the so-called parity statute was in effect. But during all of that



time there was a free market for gold in the United States. Gold, as money, was one thing and gold, as a commodity, was another. The use of gold as coined money had no effect upon gold as a commodity or vice versa.

For those reasons we submit that as a matter of fact and as a matter of law, government control of all domestic gold has no relationship to the constitutional power of Congress to coin money and regulate its value, and has no relationship to the operation of the so-called parity statute.

Over and beyond that it is a fact that with the exception of Soviet Russia, no other major nation attempts to control the gold within its borders, or attempts to prohibit the ownership of gold by the people or attempts to prohibit a free market for gold.

In all of such other major nations the people have the right to own gold and there is a free market for gold.

The purpose of our government was to protect the freedom of the people by guaranteeing their right to life, liberty and property. It is, therefore, essential that in order to protect freedom the people shall be protected in their property, and money of intrinsic value such as gold is the only form of property which many an American citizen has the capacity to acquire through his own efforts.

As distinguished from the principles underlying our government, the system of Communism may be explained in two sentences. First, the abolition of any



belief in God, or the right to believe in God; and, second, the abolition of private property. These latter words are taken from the Communist Manifesto itself. Necessarily, therefore, the communists in power deprive their people of any right to own gold as a necessary means of enslaving those people.

A statement attributed to Lenin and other communists should be borne in mind:

“The surest way to overturn an existing social order (government) is to debauch the currency”.

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#### **GOLD IS ABOLISHED AS MONEY.**

On June 5, 1933, Congress amended the Joint Resolution of May 12, 1933. (48 Stat., p. 112.)

In the USCA Title 31 that Joint Resolution is broken up into two parts, being Sections 462 and 463. That Act prohibited and made illegal every provision in any obligation which purported to require payment in gold, or in an amount of money of the United States *measured by gold*.

The Act defined “obligation” to mean every obligation payable in money of the United States. The same Act provided

“any such provision contained in any law authorizing obligations to be issued by or under the authority of the United States is repealed \* \* \*.”  
(Sec. 463.)

Note that the Act prohibited any provision for an amount of money “measured by gold”. (Sec. 463.)

Since a standard of value means the measure of value in a monetary system, and since the statute at that time declared 25.8 grains of gold to be the standard unit of value, that Act prohibited the use of the national standard of value and thereby made it impossible for such standard to fulfill the only function for which it was established, i.e., to serve as the measure of value of money.

By depriving the national standard of value of its only function, the statute necessarily implicitly abolished the standard itself. The effect of the statute must have been to repeal the statute which declared the dollar of 25.8 grains of gold as the standard Unit of value. An amazing feature of that Resolution is that it was amended on June 5, 1933, by adding to its clause which declared all coins and currencies to be legal tender, the following provision:

“Except that gold coins, when below the standard, weight and limit of tolerance provided by law for the single piece, shall be legal tender only at valuation in proportion to their actual weight.”  
(48 Stat. 52; USCA Title 31, Sec. 462.)

Thus the same Act which outlawed gold as the measure of value of money limited the legal tender capacity of gold coins (one of the chief functions of money) to the actual weight and purity of their gold, which itself determined their value, and which therefore was the measure of their value as legal tender.

After Executive Orders had called in all gold coin and bullion and the same had been placed with the Federal Reserve Banks, Congress passed the Act of

January 30, 1934, erroneously called the "Gold Reserve Act". (48 Stat., pp. 337 to 341; USCA Title 31, Sec. 315b et seq.)

(For the convenience of the Court we expect to make available copies of the Federal Reserve Bulletin for February, 1934, which contains the message of the President requesting such legislation, the legislation itself and the Regulations issued thereunder.)

That Act purported to pass title to the Federal Government to call in gold coin and gold bullion. (Sec. 2a.)

The Act prohibited the coinage of gold and prohibited the payment or delivery of gold coin by the United States, and directed that all gold coin of the United States should be formed into bars. (Sec. 5.) The Act prohibited the redemption of currency in gold. (Sec. 6.)

The same Act authorized the Treasury *to purchase gold in any amounts at home or abroad*, with obligations or currency of the United States, at such rates and upon such conditions as might be determined advantageous

"any provision of law relating to the maintenance of parity \* \* \* to the contrary notwithstanding". (Sec. 8.)

The same Act authorized the Treasury "to deal in gold and foreign exchange". (Sec. 10.) The effect of the Joint Resolution of May 12, 1933, and of the so-called "Gold Reserve Act" was simply to abolish gold as money within the United States.

Gold in the form of coin or bars was no longer a reserve for banking or for the currency system of the United States. Since it could not be paid out there could be no demands upon it and, therefore, it could not constitute a reserve.

The use of gold as a coin, as a medium of exchange, as a standard of value and as a storehouse of wealth was abolished. Those, however, are the functions of money, but the law abolished gold as money within the United States and prohibited its use for any of the functions of money. The same Act specifically repealed all legislation inconsistent with its provisions. (Sec. 17.)

*Under that legislation gold ceased to be money within the United States.* Congress abolished our monetary and our coinage system and attempted to substitute for it a system of managed currency consisting of irredeemable paper currency. Such abolition of gold as money deprived gold coin of the status which it had acquired by law, to wit, as the money of the country, and restored gold to its original status as a commodity—the status which it had held before it had become our money by law.

From then on gold should have been unhampered by any proper restrictions applicable to money for gold had no relationship whatsoever to any money within the United States. However, gold continued to exist in nature within the United States. It could be mined as ore and after this had been produced and completely processed it became gold—the commodity

—just as iron became a commodity after the processing of the ore from the Mesabi Range.

With the passage of the Gold Reserve Act of 1934 the commodity, gold, had no more relationship to money within the United States than did the commodity, iron. But nevertheless, by the same Act which abolished gold as money, the Secretary of the Treasury undertook to prescribe the conditions under which “gold may be acquired, held, transported, melted or treated” (Sec. 3), ignoring that he was limited in authority by the very purpose of the Gold Reserve Act of 1934, to such former monetary gold as he might have or acquire and that he could not constitutionally extend his control to unmined commodity gold.

The same Act prescribes that any gold “withheld, acquired, melted or treated \* \* \* earmarked or held in custody in violation of this Act or any regulation issued hereunder, or license issued pursuant thereto, shall be forfeited to the United States, and may be seized and condemned etc.” and in addition, “any person failing to comply with the provisions of this Act or of any of such regulations or license shall be subject to a penalty equal to twice the value of the gold in respect of which such failure occurred”. (Sec. 4.)

We note that the Act does not provide for any criminal penalties. (*Bauer v. United States*, (1957) (C.A. 9th) 244 F. (2d) 794.)

We stress the provisions of the Act which authorize the Secretary to purchase gold *at home* at discretion-



ary prices (Sec. 8) and authorizing him to deal in gold (Sec. 10) and authorizing the condemnation of gold held without a license. (Sec. 4.)

Such provisions of the Act establish that gold is a commodity. That fact deprives the Federal Government of any power to set the price thereof for reasons which we will hereafter set forth. At this point we note only that the grant of specific authority to the Secretary to buy, gold, to deal in gold and to condemn gold in and of themselves *negative any power in the Secretary to set the price of gold.*

If the Act had authorized him to set the price of gold there would be no necessity for authorizing him to buy, to deal in or to condemn gold. Buying or dealing in gold means buying or dealing in it on a free market at prices reached by mutual agreement between parties; condemnation means the exercise of sovereign power, which requires the determination of just compensation by the courts.

When the Secretary was authorized to buy, deal in or condemn, those very authorities, in and of themselves, deny any power in the Secretary to set the price of gold. If the Secretary had power to set the price of gold there was no reason for giving him power to buy, deal in or to condemn gold.

Nevertheless, the Regulations issued by the Secretary of the Treasury require and impose conditions upon the granting of a license, and one condition is that the licensee shall turn over all gold produced by him to the Treasury in exchange for irredeemable paper currency, and by his Regulations the Secretary



prescribes that all gold delivered to the mints shall be paid for by them at the rate of \$35.00 *per fine ounce*, and *reserves the right to change that price*. (Regulations, Sec. 54.44.)

The thing which is offered in exchange for such gold is not dollars or coined money, but merely the irredeemable paper currency of the United States which, as we shall show hereafter, is only a promise to pay another promise to pay.

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#### WHAT THE GOVERNMENT OFFERS IN EXCHANGE FOR GOLD.

The Regulations prohibit the processing of gold produced by a citizen unless that citizen agrees to deliver the gold to the government for paper currency, such as Federal Reserve Notes, which practically constitute our only currency. The statute declares Federal Reserve Notes to be the obligation of the United States. (USCA Title 31 Sec. 411.)

Until 1934 such notes were redeemable in gold, but in January, 1934, the statute was amended to make them redeemable in "lawful money". The meaning of the term "lawful money" cannot be defined; even the government does not know what it means.

It is a matter of common knowledge that Mr. J. F. Davis sent to the Treasury a Federal Reserve Note for ten dollars, and asked that it be redeemed in "lawful money". In response the Treasury sent him two \$5.00 United States notes. Mr. Davis returned one of such \$5.00 notes and demanded five dollars. On De-

cember 29, 1947, the Treasury wrote to him that the term "lawful money" had not been defined in Federal legislation, but that, since the legislation of 1933 the term "lawful money" no longer had special significance, and returned to him the five dollar United States note (see photostatic copies of said letters in "Inflation in the United States" by Paul Bakewell, Jr.).

Thus, Federal Reserve Notes are, at best, merely promises to pay another promise to pay. Such is the medium which the government offers to pay for gold.

The Regulations purport to fix a price of \$35.00 per ounce for fine gold, but such price, while expressed in dollars, does not mean dollars but means merely paper currency which promises to pay dollars, even though the fulfillment of that promise is prohibited by law, and although the government cannot and does not fulfill that promise.

As a condition for granting a license to carry on lawful business of mining and processing gold, the government requires the producer of such gold to deliver every ounce thereof to the government in exchange for irredeemable paper currency having a face value of \$35.00. The government does so even though the cost of production of such gold must be measured and paid for in the same paper currency, and even though, as the complaint alleges, such cost of production per ounce, exceeds \$35.00 face or nominal amount of such paper currency.

### THE SO-CALLED PARITY STATUTE.

That Statute, as enacted in 1900, fixed the gold dollar of 25.8 grains of gold as the standard unit of value and required all forms of money issued or coined by the United States shall be maintained at a parity of value with that standard and makes it the duty of the Secretary of Treasury to maintain such parity. (Title 31, U.S.C.A., Section 314.)

But the Gold Reserve Act of 1934 abolished gold as money and repealed all prior legislation inconsistent with that Act. The joint resolution of May, 1933 had declared it illegal to measure the value of money by gold. We submit that because of such later legislation, the Parity Act of 1900, which measured the value of money by gold, ceased to be in effect. How may we assert that all "forms of money" shall be maintained at a parity with a fixed gold standard, when the law declares it illegal to measure the value of money by gold?

However, even if we assume that such Statute be still in effect then we submit that the duty under the Statute is to maintain all forms of currency at a parity of value with the gold dollar; *and not to maintain gold itself at a parity with the nominal value of paper currency.*

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### THE REASONS FOR AND THE PURPOSES OF THE PARITY ACT OF 1900.

The Act of 1873 had made the gold dollar the standard of value instead of the former silver dollar, and had stopped the coinage of the former silver

dollar, which prior thereto had been the "unit or dollar". (17 Statute 426.) But the old silver dollars remained in circulation. Those silver dollars were not the equivalent in value of the gold dollar or unit. For that reason Congress permitted such silver coins to be legal tender for an amount not exceeding \$5.00. (U.S.R.S. 1878, Section 3586, Page 708.)

In 1878 the Silver Purchase Act was enacted. That Act permitted silver coins to be legal tender "except where otherwise expressly stipulated in the contract". (20 Statute, Page 25.)

That statute remains on the books today. (USCA, Title 31, Section 458.)

In 1890 another Silver Purchase Act was enacted. (26 Statute, Page 289.)

The advocates of "cheap money" obtained the coinage of silver "dollars", the actual value of which was less than the gold "Dollar or Unit"; and the value of such silver coins sank from about 93¢ in 1878 to about 52¢ in 1896. (Hepburn on Currency.)

Under those circumstances Gresham's Law began to operate; the cheaper money, the dearer money—gold was out of circulation. Gold was withdrawn and exported. Silver piled up in the federal treasury; the Government was threatened with bankruptcy. The consequences of the Silver Purchase Acts are a part of history. Presidents Hayes, Arthur and Cleveland set out those consequences in their messages to Congress between 1878 and 1886. (Messages and Papers of the Presidents, Volumes VII and VIII; Hep-

burn's History of Currency; Dewey's Financial History of the United States; Kemmerer—Gold and the Gold Standard, Page 98.)

In 1895 the purchase of millions in gold in exchange for Government bonds at a premium of 4.496%, heretofore referred to, was a consequence of those Acts.

Out of the ensuing struggle for sound money came the Gold Standard Act of 1900, which fixed the gold dollar of 25.8 grains as the standard unit of value and which required all forms of money issue or coined by the United States to be maintained at a parity of value with that standard, and made it the duty of the Secretary of the Treasury to maintain such parity. (U.S.C.A., Title 31, Section 314.)

The same Act states that the parity Statute was not intended to preclude the use of silver through international bimetallism, whenever the nations could secure such bimetallism at a ratio which would insure permanence of relative value between silver and gold. (U.S.C.A., Title 31, Section 313.)

Thus the purpose of the Parity Provision of the Act of 1900 was to achieve the use, as a part of the circulating medium, of silver coins, which had less intrinsic value than the gold unit or dollar. Such use could be achieved only by the guarantee of the Government that such silver coins would be kept at a parity with the gold dollar within the United States. That guarantee was expressed in the Statute of 1900.

The only possible way to achieve and maintain the parity of a silver dollar of less intrinsic value than



the gold dollar with the gold dollar itself was to require the Government to redeem all of such silver dollars in gold upon demand.

The Government itself has always construed the Statute requiring the maintenance of parity to mean the obligation of the Government to redeem all other forms of money in gold. (Dewey's Financial History of the United States, Page 437; Hepburn on Currency.)

The Government itself has so indicated both in the gold clause case and in this case.

In the gold clause case the Government said:

“The conventional method of maintaining parity is the redemption of currency in gold coin.”

(294 U.S., Page 265.)

In this very case in its brief in the District Court the Government states:

“\* \* \* the parity of the dollar and gold had been maintained through gold coinage and redemption by the Government.”

(Deft.'s Supp. Brief in Dist. Ct., p. 15.)

Thus the Government itself established that the parity required by the Statutes, is the parity of all other forms of currency with the gold dollar—not the parity of the gold dollar with all other forms of currency.

The Government also established that the method of achieving that parity is by the redemption of such other currency in gold coin.



It will be noted that the quotation from the Government's brief in this case in the District Court used the phrase "the parity of *the dollar* and gold". In that sentence the Government used the word "dollar" as meaning paper currency. It could not have meant the gold dollar itself because the gold dollar is the specified amount of gold described by the Statute as the unit of value. Plainly, the Statute can not mean that the gold dollar itself should be maintained at a parity with gold. Such a requirement would be an absurdity.

But the record shows that in this case the Government attempts to pervert the meaning and purposes of the parity Statute. The true meaning and purposes of the parity Statute was to insure that all other coins and currencies issued by the United States would be kept at a parity with the gold dollar by means of the obligation to redeem such other coins or currency in the gold dollar upon demand. *Its purpose was not to maintain gold at a parity with a debauched and constantly depreciating paper currency.* That cannot be done.

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**NEITHER GOVERNMENT CONTROL OF GOLD NOR THE SETTING OF THE PRICE OF GOLD IS NECESSARY EITHER TO THE PERFORMANCE OF THE STATUTORY DUTY TO MAINTAIN ALL CURRENCY AT A PARITY WITH THE SPECIFIED GOLD DOLLAR, NOR TO EXERCISE THE CONSTITUTIONAL POWER TO REGULATE THE VALUE OF COINED MONEY.**

That such arbitrary powers are not necessary for either of such purposes is true as a matter of fact and as a matter of law.

### **As a Matter of Fact.**

The parity statute was in effect from 1900 until 1934; the constitutional power to regulate the value of coined money has been in effect since 1789.

Until 1934 the government did not attempt to control domestic gold nor set the price thereof but there was always a free market for gold, *and yet during all those years the government complied with the parity statute and Congress exercised the constitutional power to regulate the value of coined money.* The facts speak for themselves.

In point of fact and by way of analogy, every major nation in the world, with the exception of Russia, today maintains a monetary or currency system, and simultaneously permits a free market for gold.

### **As a Matter of Law.**

The parity statute required the government to maintain the value of its currency at a parity with a specified amount of gold—the gold Unit and “standard of value”. But subsequent legislation prohibits measuring the value of currency by the national standard of value—gold.

As Justice Stone wrote: The very purpose of such legislation was

“the suppression of the use of gold as a standard of currency value”.

*Guaranty Trust Co. v. Henwood*, 307 U.S. 247, 262, 83 L. Ed. 1266, 59 S. Ct. 847 (dissent).

Such subsequent legislation, in effect since 1933 and 1934, is inconsistent with the old parity statute which

measured currency by gold. And such subsequent legislation expressly repealed any provision for measuring value by gold contained in any law authorizing any obligation of the United States. (USCA Title 31, Sec. 463.)

Plainly, to maintain the parity required by the old statute, would measure the value of currency by the gold unit and thus violate the existing statute.

Furthermore, both the Gold Reserve Act itself and the Regulations issued under it established that a fixed price for gold and control of all gold was not necessary, and was not even contemplated by the Act or by the Regulations. Both the Act itself (Section 8) and the Regulations (Section 54.44), expressly authorize the purchase of gold within the United States at varying prices. They thereby preclude any fixed price.

The constitutional power is limited to the power to regulate the value of coined money; but today gold can not be coined money; the coinage of gold is prohibited. No gold coins may legally exist within the United States.

Congress can not exercise the power to regulate the value of gold coins unless such coins exist as a part of a system of coinage. When Congress abolished gold coins as money, the power to regulate the value of gold coin could not exist. When such gold coins ceased to exist the power to regulate their value ceased to exist.

Congress has no power to regulate the value of irredeemable paper currency.

Thus both the facts and the law establish that the unwarranted attempt to set the price of gold, by requiring all gold produced in the United States to be delivered to the Government in exchange for irredeemable paper currency has no relation whatsoever to the parity statute nor to the constitutional power to regulate the value of coined money. The function of the parity statute has ceased and, today, the constitutional power to regulate the value of coined money can not be exercised with respect to gold coins because they do not exist as coined money within the United States.

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The claims asserted by this plaintiff are the basic and fundamental rights of a free citizen—the right to liberty and property upon which the right of life itself depends.

The most fundamental right to property is the right of a citizen to own and control that which he produces through his own effort. That is the right for which this plaintiff contends and which the Constitution was designed to protect and for which purpose the Federal Government was established by that Constitution. In opposition the Federal Government attempts to deny and destroy that fundamental right.

Because the importance of the issue cannot be minimized we have presented the above material as accurately and precisely as possible, in the hope that the essential facts expressed will add to the clarity of our Points and Authorities and the following Argument.

### Points and Authorities.

(1) The United States granted by patent the “mining premises” described together with “all rights, privileges, immunities and appurtenances thereunto belonging.” (Complaint, Pars. V and VI.)

(2) The right to the metal in those premises means the right to mine or produce that metal and to dispose of it. The value of such right to mine is that it can be exercised with profit. (*Pennsylvania Coal Co. v. Mahon*, 260 U.S. 393, 67 L. Ed. 322, 43 S. Ct. 158, 28 ALR 1321.)

*Forbes v. Gracey*, 94 U.S. 762, 766, 24 L. Ed. 313;

*Erhardt v. Boaro*, 113 U.S. 527, 535, 28 L. Ed. 1113, 5 S. Ct. 560;

*Heydenfeldt v. Daney Gold & Silver Mining Co.*, 93 U.S. 634, 640, 23 L. Ed. 995.

(3) That right is protected by the Constitution and, particularly by the Fifth Amendment. (*Pennsylvania Coal Co. v. Mahon*, 260 U.S. 393, 67 L. Ed. 322, 43 S. Ct. 158, 28 ALR 1321; *Central Eureka Mining Co. et al., v. Court of Claims*, 138 Fed. Supp. 281.)

(4) The property protected by the Constitution means the group of rights inhering in the owner's relation to the thing as the right to possess, use and own it. Depriving an owner of such right is a “taking” within the Fifth Amendment. (*United States v. General Motors Corp.*, 323 U.S. 373, 378, 89 L. Ed. 311, 65 S. Ct. 357, 156 ALR 390.)

(5) The Constitution *protects* the right to dispose of property as an essential attribute of such property



and protects the citizen in his right to earn a livelihood by following the ordinary occupations of life. (*Terrace v. Thompson*, 263 U.S. 197, 215, 68 L. Ed. 255, 44 S. Ct. 15; *Meyer v. Nebraska*, 262 U.S. 390, 399, 67 L. Ed. 1042, 43 S. Ct. 625, 29 ALR 1446.)

(6) Such right to earn a livelihood unmolested by efforts to enforce a void enactment should be protected in equity. (*Truax v. Raich*, 239 U.S. 33, 38, 60 L. Ed. 131, 36 S. Ct. 7.)

(7) The Secretary of the Treasury is not a necessary party. (*Hynes v. Grimes Packing Co.*, 337 U.S. 86, 96, 93 L. Ed. 1231, 69 S. Ct. 968; *Williams v. Fanning*, 332 U.S. 490, 92 L. Ed. 95, 68 S. Ct. 188; *Ickes v. Fox*, 300 U.S. 82, 81 L. Ed. 525, 57 S. Ct. 412, reh. den. 300 U.S. 686, 81 L. Ed. 888, 57 S. Ct. 504; *Colorado v. Toll*, 268 U.S. 228, 69 L. Ed. 927, 45 S. Ct. 505.)

(8) Under the Constitution of the United States no department of the government has power to set the price of the metal, gold.

(9) The Trading With the Enemy Act, as amended in 1933, does not purport to set the price of the metal, gold. That Act, originally limited to time of war, was extended by that amendment to apply "during any other period of national emergency declared by the President". (USCA Title 12 Sec. 95a.) The complaint here alleges that the period of emergency declared by the President ceased to exist prior to the commencement of this action. (Complaint Paragraph IX.)



(10) The so-called Gold Reserve Act of 1934 did not attempt to set the price of the metal, gold. (USCA Title 31 Sec. 440 et seq.)

(11) Neither the Trading With the Enemy Act nor the so-called Gold Reserve Act authorize any executive officer to set the price of the metal, gold, or to exercise any regulations fixing the price of the metal, gold.

(12) Government control of all domestic gold or of gold produced within the United States after January 31, 1934 is not necessary, and has no relationship whatsoever either (a) to the provisions of the statute of 1900 which required the Secretary of the Treasury to maintain all forms of currency at a parity with a specified amount of gold—the gold content of our former dollar or (b) to the constitutional power vested in Congress by the Constitution to regulate the value of coined money and of foreign coin.

(13) The prohibition against mining, processing or owning gold obtained from her mine without a license, augmented by Regulations imposing upon the issuance of such a license, the requirement that all gold produced from her mine and processed must be turned over to the government or to one authorized by the government in exchange for irredeemable paper currency at the rate of \$35.00 face amount of such currency for each ounce of gold (a) deprives this plaintiff of the rights guaranteed to her by the Constitution, and takes her property without due process of law and without just compensation in violation of the Fifth Amendment to the Constitution; and (b) con-

stitutes legislation by the Executive Department in violation of Article I Section 1 of the Constitution as being beyond the powers conferred upon the Executive Department by Article II of the Constitution; and (c) purports to permit the Executive Department to exercise judicial power in violation of Article III Section 1 of the Constitution and causes confiscation of the plaintiff's property.

(14) The taking of plaintiff's property is not for public use, but the Act attempts to compel plaintiff to sell her property either to the government or to private parties licensed by the government for private use in industrial, professional and artistic pursuits of a commercial character, at prices below the cost of production of her property, and thereby purports to take the plaintiff's property and give it to others in violation of the plaintiff's right as the owner thereof, and in violation of the Constitution.

(15) That the irredeemable currency which the government offers in exchange for the plaintiff's gold does not and cannot constitute just compensation, and that the just compensation for plaintiff's gold cannot be measured or expressed in terms of an irredeemable paper currency, which has no intrinsic value and which cannot be redeemed in gold coin.

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### **ARGUMENT.**

If the patent by which the government granted this claim meant anything, it meant the right to produce

the metal on that claim and the right of the miner to own that metal produced by him. That patent imposed no conditions or restrictions.

The metal produced by the owner of that claim happened to be gold. The value of the mine and of the metal produced lies in the fact that the mine may be operated and its produce disposed of at a profit. Those rights and that value are protected in equity against any void enactment, which purports to destroy them under threat of prosecution or punishment, as there is no adequate remedy at law. Such relief may be granted against the officer charged with the enforcement of any void Regulations. Those elemental propositions are sustained by the authorities cited under Points 1 to 7 inclusive.

Simply put, the plaintiff's contention is that she, as an American citizen and the owner of a gold mine patented by the government, has the right to operate that mine and to produce gold therefrom, to own it and dispose of it at a profit to herself as a means of livelihood—a means of livelihood which was common throughout the United States—and the means by which all metals are produced.

The thing which she produced, gold, was, has always been and is now, a commodity recognized as a commodity by all the nations of the earth. Some of those nations minted gold into coins, thereby making such coins into money—coined money. Thereupon such coins became money, but refined gold, not cast into coins, remained as a commodity, and only as a commodity, and all of the nations recognize such gold as a

commodity even though they simultaneously use gold coins as money.

So did the United States, which used gold coins as money from 1792 down to and until 1934. But during that entire period and, while using gold coins as money, the government also recognized that refined gold was and is a commodity.

When gold coin was abolished within the United States gold coin ceased to be money, but gold remained as a commodity and *only as a commodity* since 1934.

The Regulations issued by the Executive Department prohibit acquiring, holding, melting or treating commodity gold, except under license, and no such license will be issued without requiring and compelling the licensee (the producer of the commodity) to surrender the commodity in exchange for irredeemable paper currency at the rate of one ounce of such commodity (gold) for \$35.00 face amount of irredeemable paper currency.

The same Regulations permit the ownership of that commodity (gold) by those who use it for commercial purposes in an industry, profession or art, and fixes the sale price thereof to such commercial users at the same price in the same paper currency—\$35.00 in such paper currency per ounce.

*The cost of production of such gold per ounce exceeds that amount of paper currency.* The Constitution gives no power to fix the price of any commodity produced by a citizen. The principles underlying freedom, the right to private property and a free economy preclude any such power.

We are not speaking here of times of war or of a national emergency; nor of the power to regulate the rates of railroads or other public utilities, which are in themselves quasi-public operations. We are asserting a lack of power in the Federal Government to fix the price at which a private citizen must sell a commodity produced on his own property, by his own effort, and at his own expense. If Congress has power to fix the price of such a commodity and to require the producer thereof to surrender the commodity produced by him for less than its cost of production, then the Constitution and the rights which it guarantees have disappeared; the limitations upon the power of and the words of that great charter have become meaningless. But Congress has not fixed or attempted to fix the price of gold as a commodity.

(1) The Trading With the Enemy Act does not effect the price of the commodity—gold. That Act was enacted as a part of economic warfare—to prevent gold or credits from this country reaching the enemy. That Act gave power to regulate or prohibit transactions in foreign exchange, etc. and the importing, exporting, hoarding, melting or earmarking of gold coin or bullion. (Title 12 USCA Sec. 95a.)

That Act was extended in 1935 to apply during any period of national emergency declared by the President. Any Regulations issued under that Act could be in force only during such a period of national emergency. But, in this case, the complaint alleges that the emergency, under which the Executive Orders were issued, had terminated prior to the commencement of this suit.



For the purpose of the motion to dismiss, that allegation must be accepted as true. (The allegation has been verified by the testimony of government officials before the Senate Committee in 1957.) But, over and beyond that, the Trading With the Enemy Act did not fix any price for the commodity, gold, and did not authorize any agency of the government to fix a price for the commodity, gold, as a condition or requisite of any license which might be issued under that Act.

No Regulation under that Act gave any power to fix the price of gold. The Gold Regulations assert in Sec. 54.1(b) that they are issued under the authority of the Executive Orders described in that section, and under Title 12 USCA Sec. 95(a). *But, such Executive Orders so described and such statute do not give any power to fix the price of the commodity, gold.*

For the purpose of ruling upon the motion to dismiss, we submit that, because the complaint alleges the termination of any such emergency prior to the commencement of this action, the Trading With the Enemy Act and any Executive Order issued under authority of that Act is absolutely irrelevant to the issue.

(2) The Gold Reserve Act of 1934 does not give power to fix the price of gold. Title to that Act is both erroneous and misleading. The Act does not, in fact, establish a "reserve" of gold. In a banking or monetary system "reserve" is the amount set aside to respond to demands which may be made upon it, but Sec. 5 of that Act directs that no gold shall be coined and no gold coin paid out or delivered in the United States. Therefore, under the terms of the



Act, gold cannot be a "reserve" for the banking or currency system within the United States.

Prior to January 31, 1934 all gold had either been turned in by the people to the government or was held by the Federal Reserve Banks.

Sec. 2 of the Act purported to pass all the right and title of such banks in and to such gold coin and bullion to the United States. That Act simply abolished gold as money of or within the United States.

Sec. 3 authorizes the Secretary to issue Regulations prescribing the conditions under which gold may be acquired, held, transported, melted or treated, imported, exported or earmarked for certain purposes, including its use for commercial purposes, and for such other purposes as in the Secretary's judgment "are not inconsistent with the purposes of this Act".

The specified purposes of the Act were "to protect the currency system of the United States and to provide for the better use of the monetary gold stock of the United States".

We submit that the phrase "monetary gold stock of the United States" could mean only the stock of gold *then held by the government*—the gold—the title to which Congress said it had transferred to the government.

The specific request of the President in his message to Congress of January 15, 1934 was that Congress should "vest in the United States Government title to all supplies of American-owned monetary gold". (Federal Reserve Bulletin, February 1934, Vol. 20 No. 2 p. 62.)

Such request was limited to the then existing "American-owned monetary gold". Accordingly, the statute purported to pass title to that gold. "Monetary Gold" must mean gold coin, since the commodity gold does not become money until it has been coined. The President did not ask for, and of course Congress could not pass title to any gold which then existed in the mines. Nothing was said about gold which might be produced and processed thereafter. Neither the President's message nor the Act itself mentioned gold which might be thereafter produced. The title to such gold remained in the owner of the mine in which it was located.

The purpose of the Act was to abolish gold as money within the United States and, to that end, "to provide for the better use of the monetary gold stock of the United States". To accomplish those purposes the Act authorized Regulations of a limited character.

The Act did not attempt to specify or fix the price of the metal, the commodity, gold, and did not authorize the Secretary, by Regulations, to fix the price of the metal, gold. It did not authorize the Secretary, when issuing licenses under the Act, to compel the licensee to surrender all gold produced and processed by him at a price fixed by the Secretary. On the contrary, and in direct opposition to the existence of any such arbitrary power, the Act clearly shows:

(a) That gold was and is a commodity to be bought and sold at varying prices, and

(b) That the price of gold, as a commodity, has no relationship whatsoever to "the currency system of the United States".

Section 8 of the Act expressly authorizes the Secretary to “purchase gold in any amounts, *at home* or abroad, with currency of the United States *at such rates* \* \* \* as he may deem most advantageous \* \* \*” and “notwithstanding” any law relating to parity or any law limiting the purposes for which such currency may be issued or any law requiring government obligations to be issued at not less than par.

Section 9 of the Act authorizes the Secretary

“*to sell* gold in any amount *at home* or abroad at discretionary prices”.

Section 10 authorizes the Secretary “to deal in gold”. Thus the Act, by its express language, treats gold as a commodity, whether that gold be “at home” or “abroad” and to be bought and sold and dealt in, as a commodity. Thus the Act expressly negatives any power in the Secretary to fix the price of that commodity, gold.

We do not admit that Congress has power to fix the price of gold or to authorize the Secretary to do so. But the Act did not attempt to fix the price of gold or to give to the Secretary power to do so. Directly contrary to the existence of any such power, the Act authorized the Secretary to buy and sell gold and to deal in gold at varying prices in his judgment and discretion.

Thus the Act put the Secretary in the same position as any other purchaser or seller of any commodity—a position in which he was obliged to bargain for the commodity and to agree upon a price. If the Secre-

tary had power to fix the price of gold, he would have been the master of that commodity. In such a position he would not have to bargain or agree to buy or sell; he would merely fix the price. That is not buying or selling or dealing in; that is arbitrary seizure.

Thus the law did not (and could not) give to the Secretary any power to fix the price of the commodity, gold.

Section 4 of the Act directs that gold illegally held may be condemned by specified proceedings. That provision negatives any power to fix the price of gold.

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#### THE REGULATIONS AUTHORIZED BY THE ACT.

Section 4 directs the Secretary to prescribe by Regulations for acquiring, melting, treating, etc. gold for specified commercial purposes and for other purposes "not inconsistent with the purposes of this Act."

Since the purpose of the Act was to preclude use of gold as money within the United States, it achieved that purpose by requiring a license so as to confine the use of gold to the specified commercial purposes and for other purposes consistent with the purposes of the Act. But it will be noted that Section 4 does not authorize the Secretary to regulate the *sale* of gold as a commodity, and does not authorize the Secretary, by Regulation, to fix the price of gold as a commodity.

Section 11 of the Act authorizes the Secretary to issue Regulations "to carry out the purposes of this Act". It does not authorize the Secretary to fix the

price of gold. Fixing the price of gold is not the purpose of the Act, which purpose is stated in its preamble. Furthermore, the Act itself shows upon its face that it is not necessary to fix the price of gold in order to "carry out the purposes of the Act", for the Act itself authorizes the buying and selling of gold at varying prices.

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**OTHER CONSTITUTIONAL GROUNDS WHICH  
INVALIDATE THE REGULATIONS.**

The Regulations require a license. The form of application in Paragraph "G" requires compliance with the Regulations, and in Paragraph "K" requires gold to be disposed of only in accordance with the Regulations which, in Sec. 54.44 fix the price at \$35.00 per ounce. For operating without a license the Gold Regulations specify civil and criminal penalties. (Sec. 54.11.)

Under such coercion the owner of a gold mine must comply, if he is to operate his property, or suffer penalties and prosecution. The purpose and effect is to coerce. The result is not an agreement, for as the Supreme Court has held:

" \* \* \* it lacks the essential element of consent. One who does a thing in order to avoid a monetary penalty does not agree; he yields to compulsion precisely the same as though he did so to avoid a term in jail."

*Carter v. Carter Coal Co.*, 298 U.S. 238, 80  
L.Ed. 1160, 56 S.Ct. 855.



The license issued restricts the disposition of the gold and the price to be received. (License Section E, Regulations 54.44.) The complaint alleges that the price for such gold is below the cost of its production. The result is to take the plaintiff's property without due process of law and without just compensation in violation of the Fifth Amendment.

Another result is that such price fixing is done by the Executive Department and constitutes legislation by the Executive Department in violation of Article I Section 1 of the Constitution.

Another result is to cause the Executive Department to exercise judicial power in violation of Article III Section 1 of the Constitution and, in doing so, to confiscate the plaintiff's property.

The question of just compensation is judicial. When the government takes private property, neither Congress nor the Executive Department has power to fix the compensation for such property.

Constitution, Article III Section 1;

*Monongahela Navigation Co. v. United States*,  
148 U.S. 312, 37 L.Ed. 463, 13 S.Ct. 622.

Furthermore, under the allegations of the complaint, the gold is not taken for a public use. The complaint alleges that the Regulations require the plaintiff to surrender her gold at a price below the cost of its production, and the Regulations authorize the sale of that gold for commercial uses, i.e., for industrial, professional and artistic uses (Regulations Sub-part C) and such sales are made at the same fixed price. (Regulations Section 54.52.)



That is not taking private property for a public purpose. That is taking the property of "A" at less than its value and selling it to "B" at less than its value and for commercial purposes, and the procedure permits "B" to make a profit. That course violates the Constitution and the constitutional rights of this plaintiff.

Furthermore, the situation shows that such gold is not and cannot be used by the government for any public purpose; under the law gold cannot be coined; it cannot be used as money within the United States; it cannot be paid out by the government within the United States; it cannot be a part of the currency system of the United States and it cannot be an asset of the banking system in the United States. As shown above it cannot serve as a banking or monetary reserve, since there can be no demands upon it. Gold has been abolished as money within the United States and exists only as a commodity.

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**THE EXISTING PAPER CURRENCY SHALL NOT AND CANNOT  
CONSTITUTE JUST COMPENSATION FOR THE COMMODITY  
—GOLD.**

Section 54.44 of the Regulations issued by the Secretary prescribes that the government shall pay for all gold \$35.00 per ounce, but expressly states "this price may be changed by the Secretary \* \* \*"

Such price is measured and paid in paper currency. *The price of \$35.00 has remained the same since 1934.* If that price were just compensation for gold in 1934

(which we do not admit) then, *under the facts established by the government itself, it is not just compensation in 1958.*

Government agencies, government officials and government statistics prove what has become a matter of common knowledge—that prices for commodities, wages, production and of living have increased constantly at the rate of approximately 3% per year. They are still rising and at an accelerated rate. Those prices are measured against a basic price index expressed in terms of our paper currency.

Those figures by the government itself evidence what is euphemistically called rising costs, but, in fact, they establish the constant and continual depreciation of our paper currency.

In view of those figures computed and announced by the government itself, when the government put a price on gold of \$35.00 an ounce in such paper currency in 1934, the same government cannot assert that the same price is just compensation for gold in 1958. But, and beyond that, and as a fundamental principle, we submit that the Federal Government has no power to compel a private citizen to surrender private property in exchange for paper currency which has no absolute or fixed value and which contains no obligation to redeem in any absolute fixed value, and that the government has no power to measure “just compensation” in terms of such a medium.

We have heretofore in this brief shown that the so-called obligation expressed in our paper currency cannot be defined. It is merely a promise to pay

another promise to pay. There is no decision of any court which adjudges that the Federal Government has power to make our existing paper currency, which does not promise to pay coined dollars, a legal tender for anything, and there is no decision which holds that such paper currency can constitute just compensation for any property taken.

The Gold Clause Cases in 1935 did not so decide. No such issue was raised in those cases. The Legal Tender Decisions of 1871 do not and cannot apply to our existing paper currency.

The Treasury Notes of those times were definite obligations to pay coined money. The Supreme Court described them as follows:

“Every one of them expresses upon its face an engagement of the nation to pay to the bearer a certain sum. The dollar note is an engagement to pay a dollar, and *the dollar intended is the coined dollar of the United States*, a certain quantity in weight and fineness of gold or silver, authenticated as such by the stamp of the government. No other dollars had before been recognized by the legislation of the national government as lawful money”.

*People ex rel. v. Supervisors of New York*, 7 Wall. 26, 30, 19 L.Ed. 60.

Because those Treasury Notes were an obligation to pay coined money, the Supreme Court said that they could be used as legal tender. Here are the Court's words:

“We do not rest the validity (of the Legal Tender Acts) upon the assumption that the emission of paper notes is coinage, or any regulation

of the value of money; nor do we assert that Congress may make any thing which has no value—money. What we do assert is that Congress has power to enact that the government's promises to pay money shall be, for the time being, equivalent in value to the representative of value determined by the coinage acts or to multiples thereof." (*Legal Tender Cases*, 12 Wall. 457, 553, 20 L.Ed. 287.)

But today the paper currency of this nation is not a promise to pay coined money, or even the value thereof, as determined by the Coinage Act. Today the paper currency promises to pay.....?

The Legal Tender Decision of 1871 is no authority for the government to make irredeemable paper currency a legal tender for the payment of debts or for the payment of any commodity.

Furthermore a decision rendered by the Supreme Court in 1954 declared a principle, which destroys the effect of the Legal Tender Decisions of 1871.

The Court had held that segregation *in the states* violated the Constitution. Thereafter in *Bolling v. Sharpe*, 347 U.S. 497, 98 L.Ed. 884, 74 S.Ct. 693, the question was presented as to whether segregation in the *District of Columbia* violated the Constitution. The unanimous decision in *Bolling v. Sharpe* said:

"In view of our *decision* that the Constitution prohibits the states from maintaining racially segregated public schools, it would be *unthinkable that the same Constitution would impose a lesser duty on the Federal Government.*"

(347 U.S. 497, 500.)

Under that statement it would be unthinkable that the Federal Government has power to make any paper currency legal tender for any purpose because the Constitution in Article I puts power in Congress

“to coin money and regulate the value thereof”  
(Section 8)

and provides in the same article,

“no state shall make anything but gold and silver a tender in payment of debts”. (Section 10.)

Under the principles declared in *Bolling v. Sharpe*, we submit that it would be unthinkable that the same Constitution, which prohibits a state from making anything other than gold or silver a legal tender, would impose a lesser duty on the Federal Government.

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#### THE VIEWS OF THE COURT BELOW.

The Court below expressed the view that the Regulation itself imported a lack of authority to require a licensee to agree to sell gold at a price of \$35.00 per ounce, as a condition for such license; and that if the Government had power to take possession of such gold at such price it would not require an agreement with the licensee to sell it at that price as a condition for his license (pages 10 and 11).

But the argument was made that Congress had power “to *fix* the value of money” and the Court accepted and proceeded upon that quoted, but erroneous phrase (pages 7, 8, 11, 15, 19, 21, 23 and 25).



The Court expressed the conviction that the Regulations would be beyond the constitutional power, unless there was a reasonable relationship between the Regulations and the constitutional power “to *fix* the value of money” (page 19 of transcript).

The Court also understood the Government’s argument to be that exacting an agreement to sell gold at that price would have a bearing upon the power of Congress “to *fix* the value of money” (page 12).

The Court actually said there is no question about the power of Congress “to *fix* the value of gold” (page 23).

Such statements by the Court establish that the conclusion of law as expressed, was predicated upon the erroneous idea, expressed by counsel, that Congress has power to “*fix*” the value of money or the value of gold, or that such power to “*fix*” the price of gold was reasonably related to the constitutional power of Congress.

The conclusion of law, presumably drawn by counsel for the Government, declared that the Regulations were reasonably related to the constitutional power to “regulate the value” of money (R. page 19).

But the grievous error lies in the facts that:

a) Congress has no power to “*fix*” the price or the value of gold or money;

b) That Congress does not have power to regulate the value of paper currency, popularly called money, but has power only to regulate the value of coined money.



The very clause of the Constitution uses both words—the word “fix” and the word “regulate” in their proper meaning and clearly differentiates between them. That clause is:

“To coin money, regulate the value thereof, and of foreign coin, and fix the standard of weights and measures.” (Article I, Section 8—Constitution.)

The Oxford English Dictionary defines those words as follows:

regulate—to adjust in respect of quantity, with reference to some standard.

fix—to make firm or stable, so as to secure from fluctuation or change.

Accordingly, the Constitution gave to Congress power to “*fix*” the standard; and power “to *regulate* the value of coined money”.

That was in exact accord with the meaning of the words and with the policy of the Constitution, as declared by the Supreme Court, which is to establish “a fixed and uniform standard of value” (*Ogden v. Saunders*, 12 Wheat. 213, 265, 6 L.Ed. 606); and the power to regulate the value of coined money, which is the power “to determine the weight, purity, form, impression and denomination of the several coins and their relation to each other, and the relation of foreign coins to the monetary unit of the United States”. (*Hepburn v. Griswold*, 8 Wall. 603, 616, 19 L.Ed. 513.)

Thus, by the plain and specific language of the Constitution, the only thing which Congress has

power to “*fix*” is the standard of weight and measure. The power of Congress over coined money is only “to regulate the value thereof”.

Under the Constitution Congress has absolutely no power to “*fix*” the value of coined money. Furthermore, Congress has no power to regulate the value of paper currency; but only the power to regulate the value of coined money.

For those reasons we submit that the Court below erred in its statements, which attribute to Congress a power “to fix the value of money” and in its conclusion of law, which attributes to Congress the power “to regulate the value of money” when in Section 9 power is limited “to regulate the value of *coined* money”.

But, over and beyond that the Government can not with reason contend that “a fixed price” for gold is authorized by the Gold Reserve Act or by the Regulations; or that a “fixed price” of gold, is necessary to or reasonably related to the power to regulate the value of coined money.

On the contrary the Statute establishes that it did not contemplate a “fixed price” for gold.

Section 8 of the Gold Reserve Act authorizes the Secretary to purchase gold at discretionary and varying prices, either at home or abroad. Section 9 authorizes the Secretary to sell gold at discretionary and varying prices either at home or abroad.

Section 10 authorizes the Secretary “to deal in gold”.

And the Regulations do not “fix the price” of gold. On the contrary the Regulations, in Section 54.44 declare only a current price for the purchase of gold of \$35.00 per ounce. But that is not a “*fixed* price”. The same Regulation expressly declares “this price may be changed” by telegraphic or mailed notice.

And Section 54.52 declares a current price for the sale of gold of \$35.00 per ounce but expressly declares “this price may be changed” by telegraphic or mailed notice.

Thus, both the Statutes and the Regulations expressly authorize a varying price for gold within the United States and thereby preclude any power to “fix the price” of gold within the United States.

In the face of those enactments, we submit that the Government can not with reason contend that “fixing the price” of gold is necessary to or has any reasonable relationship whatsoever to the exercise of the constitutional power of Congress to regulate the value of coined money.

But, and even more fundamental is the fact that today Congress has prohibited the coinage of gold or the use of gold as money. Plainly Congress is not now exercising any power to regulate the value of gold coins, as coined money. Congress can not exercise such power when gold coins no longer exist.

In point of truth and fact Congress today is not, and for years has not, been attempting to exercise the constitutional power to regulate the value of coined money.

Since 1934 gold coins have been abolished and our only coinage is of silver and subsidiary coins. No one will attempt to assert that the value of silver or other subsidiary coins has been regulated since 1873 or is being regulated at the present time. The intrinsic value of the metal in such coins is not equal to the value stamped upon them.

Heretofore in this brief we have shown, both as a matter of fact and as a matter of law, that neither control of all gold nor a "fixed price" of gold is necessary or has any reasonable relationship to the constitutional power to regulate the value of coined money. For nearly 150 years Congress exercised that power with a free market for gold and without fixing the price of gold.

We have heretofore shown that a declared price for gold has no relationship whatsoever to the Parity Statute of 1900.

We repeat only that the purpose of that Statute was to require that all forms of currency should be maintained at a parity with a fixed amount of gold, as the standard of value.

The purpose of that Statute can not be perverted to mean that gold shall be maintained at a parity with irredeemable paper currency, which, because of its nature, can not be a standard.

The absurdity of such attempted perversion is clear in view of the fact that the Government denies a citizen of the United States any right to own gold. When the people may not own gold, its value, in terms

of such paper currency, can not be ascertained or measured. Since its value in terms of such paper currency can not be ascertained or measured, it necessarily follows that it is impossible to "maintain" the value of gold at a parity with such paper currency.

We submit that the right to private property is the very basis of freedom; that gold is a commodity, and that gold produced by a miner is his property.

The people established the federal government and gave to Congress the important trust and duty of coining money and regulating the value thereof. They also prohibited anything except gold and silver as legal tender and put that prohibition in the Constitution. How may that government deprive the people who established it of their absolute right to own gold?

The London Daily Express has written:

"If you set money free, you set the people free."

But the Communists, whose Manifesto seeks "the abolition of private property" say:

"The surest way to overturn an existing social order is to debauch the currency."

To achieve that position and to maintain its power over the people the Communist government deprives the people of Russia of any right to own gold.

The United States is the only major nation which follows Russia in that respect. The relief here sought will not upset the economy of America.

The relief here sought would only be a step to restore the conditions under which the United States became the greatest nation in the world.

The abolition of money and the substitution of managed currency in 1934 paved the way for the confusion and chaos which has existed since.

In 1935 the dissenting opinion in the Gold Clause Case said:

“The impending legal and moral chaos is appalling.” (294 U.S. page 381.)

We submit that the instant case shows that what was then impending, as moral and legal chaos, *has come upon us*.

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### CONCLUSION.

For all of which reasons we respectfully submit that the decree of the District Court should be reversed with directions to that Court to grant the relief as prayed.

Dated, January 30, 1959.

Respectfully submitted,

PAUL BAKEWELL, JR.,

NORMAN L. EASLEY,

*Attorneys for Appellant.*

(Appendix A Follows.)





## **Appendix “A”**



## Appendix A

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### U. S. TREASURY DEPARTMENT OFFICE OF THE SECRETARY

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### GOLD REGULATIONS

[Reprinted from Federal Register, July 14, 1954]

(Seal)

July 14, 1954

United States

Government Printing Office

Washington : 1954

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54.42 Deposits.

54.43 Rejection of gold by mint.

54.44 Purchase price.



## Subpart G—Sale of Gold by Mints

Sec.

54.51 Authorization to sell gold.

54.52 Sale price.

## Subpart H—Transitory Provisions

54.70 Legal effect of amendment of regulations.

Authority: §§ 54.1 to 54.70 issued under sec. 5 (b), 40 Stat. 415, as amended, secs. 3, 8, 9, 11, 48 Stat. 340, 341, 342; 12 U.S.C. 95a, 31 U.S.C. 442, 733, 734, 822b, E. O. 6260, Aug. 28, 1933; E. O. 6359, Oct. 25, 1933; E. O. 9193, as amended, 7 F. R. 5205; 3 CFR 1943 Cum. Supp.; E. O. 10289, 16 F. R. 9499; 3 CFR 1951 Supp.

## Subpart A—General Provisions

§ 54.1 *Authority for regulations.* By virtue of and pursuant to:

(a) The authority vested in the Secretary of the Treasury by the Gold Reserve Act of 1934, approved January 30, 1934 (48 Stat. 337; 31 U.S.C. 440), and the authority with respect to the approval of regulations issued thereunder which the President of the United States has delegated to the Secretary of the Treasury in paragraph 2 (d) of Executive Order No. 10289 of September 17, 1951 (16 F. R. 9501) and

(b) The authority which the President of the United States has delegated to the Secretary of the Treasury by Executive Orders Nos. 6260 of August 28, 1933 (31 CFR 1938 ed. Part 50), 6359 of October 25, 1933 and 9193 of July 6, 1942, as amended (7 F. R.

5205, 3 CFR 1943 Cum. Supp.), which delegations were made by the President of the United States by virtue of and pursuant to the authority vested in him by section 5 (b) of the act of October 6, 1917 (40 Stat. 415), as amended by section 2 of the act of March 9, 1933 (48 Stat. 1), and title III, section 301 of the "First War Powers Act, 1941" (55 Stat. 839; 12 U.S.C. 95a), and all other authority vested in him, the following regulations, entitled "Gold Regulations," deemed in the public interest and necessary and proper to carry out the purposes of said acts and Executive orders, are issued by the Secretary of the Treasury.

§ 54.2 *General provisions*—(a) *Scope*. Sections 54.12 to 54.34 refer particularly to section 3 of the Gold Reserve Act of 1934, as amended, and to Executive Order No. 6260 of August 28, 1933, sections 4, 5, and 6 of the Executive Order No. 6359 of October 25, 1933, and Executive Order No. 9193 of July 6, 1942, as amended; and §§ 54.35 to 54.52 refer particularly to sections 8 and 9 of the Gold Reserve Act of 1934, as amended.

(b) *Delivery requirements of 1933 gold orders*. Executive Order 6102 of April 5, 1933, Executive Order 6260 of August 28, 1933 (31 CFR 1938 ed. Part 50), and the order of the Secretary of the Treasury of December 28, 1933, as amended and supplemented, required that, with certain exceptions, all persons subject to the jurisdiction of the United States deliver to the United States gold coins, gold bullion and gold certificates situated in the United States and

held or owned by such persons on the dates of such orders. Gold coins having a recognized special value to collectors of rare and unusual coin, including all gold coins made prior to April 5, 1933, have been exempted from such delivery requirement. The regulations in this part do not alter or affect in any way the requirements under said orders to deliver gold bullion and gold certificates and gold bullion and gold certificates required to be delivered pursuant to such orders are still required to be delivered and may be received in accordance with the Instructions of the Secretary of the Treasury of January 17, 1934 (§ 53.1 of this chapter), subject to the rights reserved in such instructions.

(c) *Effect of authorizations and licenses.* (1) A general authorization contained in, or a license issued pursuant to the regulations in this part, permitting the acquisition, holding, transporting, melting or treating, importing, exporting or earmarking of gold, constitutes within the limits and subject to the terms and conditions thereof a license issued under and pursuant to Executive Order No. 6260 of August 28, 1933, for such acquisition, holding, transporting, etc.

(2) Any authorization in the regulations in this part, or in any license issued hereunder to acquire, hold, transport, melt or treat, import or export gold in any form shall not be deemed to authorize, unless it specifically so provides, the acquisition, holding, transporting, melting or treating, importing, or exporting of the following:

(i) Any gold coin (except rare gold coin as defined in § 54.20) or any gold melted by any person from gold coin subsequent to April 5, 1933.

(ii) Any gold which has been held at any time in noncompliance with the acts, the orders, or any regulations, rulings, instructions or licenses issued thereunder, including the regulations in this part, or in noncompliance with section 3 of the act of March 9, 1933, or any orders, regulations, rulings, or instructions issued thereunder.

(d) *Revocation or modification.* The provisions of this part may be revoked or modified at any time and any license outstanding at the time of such revocation or modification shall be modified thereby to the extent provided in such revocation or modification.

§ 54.3 *Titles and subtitles.* The titles in this part are inserted for purposes of ready reference and are not to be construed as constituting a part of the regulations in this part.

§ 54.4 *Definitions.* (a) As used in this part, the terms:

(1) "The acts" means the Gold Reserve Act of 1934, as amended, and section 5 (b) of the act of October 6, 1917, as amended by section 2 of the act of March 9, 1933 and Title III, section 301 of the "First War Powers Act, 1941" approved December 18, 1941.

(2) "The orders" means Executive Orders Nos. 6260 of August 28, 1933; 6359 of October 25, 1933; and 9193 of July 6, 1942, as amended.

(3) "United States" means the Government of the United States, or where used to denote a geographical area, means the continental United States and all other places subject to the jurisdiction of the United States.

(4) "Continental United States" means the States of the United States, the District of Columbia, and the Territory of Alaska.

(5) "Person" means any individual, partnership, association, or corporation, including the Board of Governors of the Federal Reserve System, Federal Reserve banks, and Federal Reserve agents.

(6) "Mint" means a United States mint or assay office, and wherever authority is conferred upon a "mint" such authority is conferred upon the person locally in charge of the respective United States mint or assay office acting in accordance with the instructions of the Director of the Mint or the Secretary of the Treasury.

(7) "Gold coin" means any coin containing gold as a major element, including gold coin of a foreign country.

(8) "Gold bullion" means any gold which has been put through a process of smelting or refining, and which is in such state or condition that its value depends primarily upon the gold content and not upon its form; the term "gold bullion" includes, but not by way of limitation, semi-processed gold and scrap gold, but it does not include fabricated gold as defined in this section, metals containing less than 5



troy ounces of fine gold per short ton, or unmelted gold coin.

(9) Fabricated and semi-processed gold:

(i) "Fabricated gold" means processed or manufactured gold in any form (other than gold coin or scrap gold) which:

(a) Has a gold content the value of which does not exceed 90 percent of the total domestic value of such processed or manufactured gold; and

(b) Has, in good faith, and not for the purpose of evading or enabling others to evade the provisions of the acts, the orders, or the regulations in this part, been processed or manufactured for some one or more specific and customary industrial, professional or artistic uses.

(ii) "Semi-processed gold" means processed or manufactured gold in any form (other than gold coin or scrap gold) which:

(a) Has a gold content the value of which exceeds 90 percent of the total domestic value of such processed or manufactured gold; and

(b) Has, in good faith, and not for the purpose of evading or enabling others to evade the provisions of the acts, the orders, or the regulations in this part, been processed or manufactured for some one or more specific and customary industrial, professional or artistic uses.

(iii) The value of the gold content of an article shall be computed for the purposes of this subparagraph at \$35 per troy ounce of fine gold content.



(iv) For the purpose of this subparagraph, the total domestic value of processed or manufactured gold shall be based on the cost to the owner and not the selling price. The allowable elements of such value are:

(a) In the case of a manufacturer or processor, only the cost of material in the article, labor performed on the article, and processing losses and overhead applicable to the manufacture or processing of such article; and

(b) In the case of a dealer or other person who holds or disposes of gold without further processing, only the net purchase price paid by such person, including transportation costs, if any, incurred in obtaining delivery of such article to his usual place of business.

(10) "Scrap gold" means gold filings, clippings, polishings, sweepings and the like and any other melted or unmelted scrap gold, semiprocessed gold or fabricated gold, the value of which depends primarily upon its gold content and not upon its form, which is no longer held for the use for which it was processed or manufactured.

(11) "Gold in its natural state" means gold recovered from natural sources which has not been melted, smelted, or refined, or otherwise treated by heating or by a chemical or electrical process.

(12) "Hold", when used with reference to gold includes actual or constructive possession of or the retention of any interest, legal or equitable, in such gold,

and includes, but not by way of limitation, acts of agency with respect thereto although the principal be unknown.

(b) Wherever reference is made in this part to equivalents as between dollars or currency of the United States and gold, \$1 or \$1 face amount of any currency of the United States equals fifteen and five twenty-firsts ( $15 \frac{5}{21}$ ) grains of gold, nine-tenths fine.

(c) Wherever reference is made in this part to "sections", the reference is, unless otherwise indicated, to the designated sections of this part.

§ 54.5 *General provisions affecting applications, statements and reports.* Every application, statement, and report required to be made under this part shall be made upon the appropriate form prescribed by the Secretary of the Treasury. Action upon any application or statement may be withheld pending the furnishing of any or all of the information required in such forms or of such additional information as may be deemed necessary by the Secretary of the Treasury, or the agency authorized or directed to act under this part. There shall be attached to the applications, statements, or reports such instruments as may be required by the terms thereof and such further instruments as may be required by the Secretary of the Treasury, or by such agency.

§ 54.6 *General provisions affecting licenses and authorizations.* (a) Licenses issued pursuant to the regulations in this part shall be upon the appropriate form prescribed by the Secretary of the Treasury.

Licenses shall be nontransferable and shall entitle the licensee to acquire, hold, transport, melt or treat, import, export, or earmark gold only in such form and to the extent permitted by, and subject to the conditions prescribed in, the regulations in this part and such licenses.

(b) Revocation or modification of license:<sup>1</sup> Licenses may be modified or revoked at any time in the discretion of the Director of the Mint. In the event that a license is modified or revoked (other than by a modification or revocation of the regulations in this part), the Director of the Mint shall advise the licensee by letter, mailed to the last address of the licensee on file in the Bureau of the Mint. The licensee, upon receipt of such advice, shall forthwith surrender his license as directed. If the license has been modified but not revoked, the Director of the Mint shall thereupon issue or cause to be issued a modified license.

(c) Exclusions: The Director of the Mint may exclude particular persons or classes thereof from the operation of any section of the regulations in this part (except §§ 54.28 to 54.30, inclusive) or licenses issued thereunder or from the privileges therein conferred. Such action shall be binding upon all persons receiving actual notice or constructive notice thereof. Any violation of the provisions of the regulations in this part or any license issued hereunder, shall con-

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<sup>1</sup>Regulations governing procedures for denying an application for a license, for revoking, suspending or modifying a license, and for excluding any person from the privileges conferred in the regulations in this part are set forth in § 92.31 of this chapter.

stitute, but not by way of limitation, grounds for such exclusion.

(d) Requests for reconsideration: A written request for reconsideration of a denial of an application for a license, of a revocation, suspension, or modification of an existing license, or of an exclusion from the authorizations or privileges conferred in any section of the regulations in this part setting forth in detail the reasons for such request, may be addressed to the Director of the Mint, Treasury Department, Washington 25, D.C. In addition, upon written request, the Director will schedule a hearing in the matter at which time there may be brought to the attention of the Bureau of the Mint any information bearing thereon.

(e) No license issued hereunder shall exempt the licensee from the duty of complying with the legal requirements of any State or Territory or local authority.

(f) No license shall be issued to any person doing business under a name which in the opinion of the Secretary of the Treasury or the designated agency issuing the license, is designed or is likely to induce the belief that gold is purchased, treated, or sold on behalf of the United States or for the purpose of carrying out any policy of the United States.

§ 54.7 *General provisions affecting export licenses.*<sup>2</sup>  
At the time any license to export gold is issued, the

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<sup>2</sup>The regulations in this part shall not be construed as relieving any person from the obligation of compliance with the regula-

Bureau of the Mint, or Federal Reserve bank issuing the same, shall transmit a copy thereof to the collector of customs at the port of export designated in the license. No collector of customs shall permit the export or transportation from the continental United States of gold in any form except upon surrender of a license to export, a copy of which has been received by him from the agency issuing the same (except that licenses on Form TGL-15 (general) covering multiple shipments during a quarterly period are retained by the licensees until the expiration of such period, when they are returned to the Director of the Mint): *Provided, however,* That the export or transportation from the continental United States of fabricated gold may be permitted pursuant to § 54.25 (b) (2) and the export or transportation from the continental United States of gold imported for re-export may be permitted pursuant to §§ 54.32 and 54.33: *And provided further,* That gold held by the Federal Reserve banks under §§ 54.28 to 54.30, inclusive, may be exported for the purposes of such sections without a license. The collector of customs to whom a license to export is surrendered shall cancel such license and return it to the Director of the Mint or to the Mint or the Federal Reserve bank which issued the same. In the event that the shipment is to be made by mail, a copy of the export license shall be sent by the agency is-

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tions of the Bureau of Foreign Commerce (formerly the Office of International Trade), (15 CFR Parts 360 to 399), the Bureau of Customs (19 CFR Chapter I), or other laws or regulations relating to the importation or exportation of merchandise, where applicable to imports or exports of gold, or articles containing gold.



suing the same to the postmaster of the post office designated in the application, who will act under the instructions of the Postmaster General in regard thereto.

§ 54.8 *General provisions affecting import licenses.*

No gold in any form imported into the United States shall be permitted to enter until the person importing such gold shall have satisfied the collector of customs at the port of entry that he holds a license authorizing him to import such gold or that such gold may be imported without a license under the provisions of §§ 54.12 to 54.21, inclusive, or §§ 54.28 to 54.30, inclusive. Postmasters receiving packages containing gold will deliver such gold subject to the instructions of the Postmaster General.

§ 54.9 *Forms available.* Any form, the use of which is prescribed in this part, may be obtained at, or on written request to, any United States mint or assay office, or the Director of the Mint, Treasury Department, Washington 25, D. C.

§ 54.10 *Representations by licensees.* Licensees may include in public and private representations or statements the clause "licensed on form TGL..... (here inserting the number of the form of license held by the licensee) pursuant to the regulations issued by the Secretary of the Treasury," but any representation or statement which might induce the belief that the licensee is acting or is especially privileged to act on behalf of or for the United States, or is purchasing, treating, or selling gold for the United States, or in any way dealing in gold for the purpose of car-



rying out any policy of the United States, shall be a violation of the conditions of the license.

(a) *Business names and representations generally.* No person doing business under a name which is designed or is likely to induce the belief that gold is being purchased, treated, or sold on behalf of the United States, or any agency thereof, or for the purpose of carrying out any policy of the United States, or making representations or statements which might induce the belief that such person is acting or is especially privileged to act on behalf of or for the United States, or is purchasing, treating, or selling gold for the United States, or in any way dealing in gold for the purpose of carrying out any policy of the United States, may acquire, hold, transport, melt, or treat, import, export or earmark any gold under authority of §§ 54.12 to 54.20, inclusive, or §§ 54.21 to 54.27, inclusive.

§ 54.11 *Civil and criminal penalties*—(a) *Civil penalties.* Attention is directed to section 4 of the Gold Reserve Act of 1934, which provides:

Any gold withheld, acquired, transported, melted or treated, imported, exported, or earmarked or held in custody, in violation of this Act or of any regulations issued hereunder, or licenses issued pursuant thereto, shall be forfeited to the United States, and may be seized and condemned by like proceedings as those provided by law for the forfeiture, seizure, and condemnation of property imported into the United States contrary to law; and in addition any person failing to comply with the provisions of this Act or of any

such regulations or licenses, shall be subject to a penalty equal to twice the value of the gold in respect of which such failure occurred (31 U. S. C. 443).

(b) *Criminal punishment.* Attention is also directed to (1) section 5 (b) of the act of October 6, 1917, as amended, which provides in part:

Whoever wilfully violates any of the provisions of of this subdivision or of any license, order, rule or regulation issued thereunder, shall, upon conviction, be fined not more than \$10,000 or, if a natural person, may be imprisoned for not more than ten years, or both; and any officer, director, or agent of any corporation who knowingly participates in such violation may be punished by a like fine, imprisonment, or both. As used in this subdivision the term "person" means an individual, partnership, association, or corporation (12 U. S. C. 95a (3)).

This section of the act of October 6, 1917, as amended, is applicable to violations of any provisions of this part and to violations of the provisions of any license, ruling, regulation, order, direction, or instructions issued by or pursuant to the direction or authorization of the Secretary of the Treasury pursuant to the regulations in this part or otherwise under section 5 (b) of the act of October 6, 1917, as amended.

(2) Section 1001 of the United States Criminal Code, which provides:

Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and wilfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes

any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined not more than \$10,000 or imprisoned not more than five years, or both (18 U. S. C. 1001).

### Subpart B—Conditions Under Which Gold May Be Acquired and Held, Transported, Melted or Treated, Imported, Exported or Earmarked

§ 54.12 *Conditions under which gold may be acquired, held, melted, etc.* Gold in any form may be acquired, held, transported, melted or treated, imported, exported, or earmarked only to the extent permitted by and subject to the conditions prescribed in the regulations in this part or licenses issued thereunder.

§ 54.13 *Transportation of gold.* Gold may be transported by carriers for persons who are licensed to hold and transport such gold or who are permitted by the regulations in this part to hold and transport gold without a license.

§ 54.14 *Gold situated outside of the United States.* Gold in any form situated outside of the United States may be acquired, transported, melted or treated, or earmarked or held in custody for foreign or domestic account without the necessity of holding a license.

§ 54.15 *Gold situated in the possessions of the United States.* Gold in any form (other than United

States gold coin) situated in places subject to the jurisdiction of the United States beyond the limits of the continental United States may be acquired, transported, melted or treated, imported, exported, or earmarked or held in custody for the account of persons other than residents of the continental United States, by persons not domiciled in the continental United States: *Provided, however,* That gold may be transported from the continental United States to the possessions of the United States only as authorized by §§54.25, 54.32, 54.33, or 54.34, or licenses issued pursuant thereto.

§ 54.16 *Fabricated gold.* Fabricated gold as defined in § 54.4 may be acquired, held, transported within the United States or imported without the necessity of holding a license therefor. Fabricated gold may be exported only as authorized in § 54.25 or in a license issued pursuant to that section.

§ 54.17 *Metals containing gold.* Metals containing not more than 5 troy ounces of fine gold per short ton may be acquired, held, transported within the United States, or imported without the necessity of holding a license therefor. Such metals may be melted or treated, and exported only to the extent permitted by and subject to the conditions prescribed in or pursuant to §§ 54.21 to 54.27, inclusive.

§ 54.18 *Unmelted scrap gold.* Unmelted scrap gold may be acquired, held, transported within the United States, or imported, in amounts not exceeding at any time 50 fine troy ounces of gold content without the necessity of holding a license therefor. Persons hold-

ing licenses issued pursuant to paragraph (a) of § 54.25, or acquiring, transporting, importing or holding gold pursuant to § 54.21, may not acquire, transport, import or hold any gold under authority of this section.

§ 45.19 *Gold in its natural state.* (a) Gold in its natural state, as defined in § 54.4, may be acquired, transported within the United States, imported, or held in custody for domestic account only, without the necessity of holding a license therefor.

(b) Gold amalgam which results from the addition of mercury to gold in its natural state, recovered from natural deposits in the United States or a place subject to the jurisdiction thereof, may be heated to a temperature sufficient to separate the mercury from the gold (but not to the melting temperature of gold) without a license by the person who recovered the gold from such deposits, or his duly authorized agent or employee. The retort sponge so resulting may be held and transported by such person without a license: *Provided, however,* That no such person may hold at any one time an amount of such retort sponge which exceeds in fine gold content 200 troy ounces. Such retort sponge may be acquired from such persons:

- (1) By the United States;
- (2) By persons holding licenses issued pursuant to paragraph (a) of § 54.25;
- (3) By other persons provided that the aggregate amount of such retort sponge acquired and held by such other persons does not exceed at any one time 200 fine troy ounces of gold content.



(c) Persons acquiring retort sponge under paragraph (b) (3) of this section are authorized to dispose of such retort sponge only to the United States and to persons holding licenses issued pursuant to paragraph (a) of § 54.25.

(d) Except as provided in §§ 54.12 to 54.20, inclusive, and in §§ 54.32 and 54.33, gold in its natural state may be melted or treated or exported only to the extent permitted by, and subject to the conditions prescribed in, or pursuant to, §§ 54.21 to 54.27, inclusive.

§ 54.20. *Rare coin.* (a) Gold coin of recognized special value to collectors of rare and unusual coin may be acquired and held, transported within the United States, or imported without the necessity of holding a license therefor. Such coin may be exported, however, only in accordance with the provisions of § 54.25.

(b) Gold coin made prior to April 5, 1933, is considered to be of recognized special value to collectors of rare and unusual coin.

(c) Gold coin made subsequent to April 5, 1933, is presumed not to be of recognized special value to collectors of rare and unusual coin.

#### Subpart C—Gold for Industrial, Professional, and Artistic Use

§ 54.21 *Fifty ounce exemption for processors.* (a) Subject to the conditions in paragraph (b) of this section, any person regularly engaged in an industry, profession, or art, who requires gold for legitimate,



customary, and ordinary use therein, may, without the necessity of obtaining a Treasury gold license:

(1) Import unmelted scrap gold or acquire gold in any form from any person authorized to hold and dispose of gold in such form and amount under the regulations in this part or a license issued pursuant hereto;

(2) Hold, transport, melt, and treat such gold;

(3) Furnish unmelted scrap gold to the United States, to persons operating pursuant to §§ 54.18 or 54.21, or to the holder of a license issued pursuant to paragraph (a) of § 54.25; and

(4) Furnish melted scrap gold to the United States or to the holder of a license issued pursuant to paragraph (a) of § 54.25 which authorizes the acquisition of such melted scrap gold.

(b) The privileges of paragraph (a) of this section are granted subject to the following conditions:

(1) That the aggregate amount of such gold acquired, held, transported, melted and treated, and imported, does not exceed, at any one time, 50 fine troy ounces of gold content (not including gold which may be acquired, held, etc., without a license under any other section of this part, except § 54.18);

(2) That the aggregate amount of such gold acquired, held, transported, melted and treated, and imported, does not exceed, in any calendar month, 350 fine troy ounces of gold content (not including gold which may be acquired, held, etc., without a license, under any other section of this part, except § 54.18);

(3) That such gold is acquired and held only for processing into fabricated gold, as defined in § 54.4, by such person in the industry, profession, or art in which he is engaged; and

(4) That full and exact records are kept and furnished in compliance with § 54.26.

(c) Persons acquiring, holding, transporting, melting and treating, and importing gold under authority of this section are not authorized:

(1) To consign gold bullion, including semi-processed gold, to other persons for processing except that scrap gold may, for processing and return in semi-processed form, be consigned to the holder of a license issued pursuant to paragraph (a) of § 54.25, which authorizes the acquisition and melting and treating of such gold;

(2) To furnish melted scrap gold to persons operating pursuant to the provisions of this section or § 54.18;

(3) To dispose of gold held under authority of this section otherwise than in the form of fabricated gold or scrap gold.

(d) Persons holding licenses issued pursuant to paragraph (a) of § 54.25 or acquiring, holding, transporting, or importing, gold pursuant to § 54.18 may not acquire, hold, transport, melt or treat, or import, any gold under authority of this section.

§ 54.22 *Licenses required.* Except as permitted in §§ 54.12 to 54.20, inclusive, and § 54.21, gold may be acquired and held, transported, melted or treated,

imported, exported or earmarked for industrial, professional or artistic use only to the extent permitted by licenses issued under § 54.25.

§ 54.23 *Issuance of licenses or general authorizations.* The Director of the Mint may issue or cause to be issued licenses or other authorizations permitting the acquisition and holding, transportation, melting and treating, importing and exporting of gold which the Director is satisfied is required for legitimate and customary use in industry, profession, or art, by persons regularly engaged in the business of furnishing or processing gold for industry, profession, or art, or for sale to the United States.

§ 54.24 *Applications.* Every application for a license under paragraph (a) of § 54.25 shall be made on Form TG-12 (except that applications for export licenses shall be made on Form TG-15) and shall be filed in duplicate with the Director of the Mint, Treasury Department, Washington, D. C. Every applicant for a license under paragraph (a) of § 54.25 shall state in his application whether or not any applications have been filed by or licenses issued to any partnership, association, or corporation in which the applicant has a substantial interest or, if the applicant is a partnership, association, or corporation, by or to a person having a substantial interest in such partnership, association or corporation. The Director of the Mint shall not issue any license to any person if in the judgment of the Director more than one license for the same purpose will be held for the principal use or benefit of the same persons or interests. Any

person licensed under this subpart acquiring a principal interest in any partnership, association or corporation, holding a license under this subpart for this purpose shall immediately so inform the Director of the Mint.

§ 54.25 *Licenses*—(a) *Licenses for the acquisition and holding, transportation, melting and treating, importing and disposition of gold.* (1) Upon receipt of the application and after obtaining such additional information as may be deemed advisable, the Director of the Mint, shall, if satisfied that gold is necessary for the legitimate and customary requirements of the applicant's industry, profession, art, or business, and that the applicant is qualified in all respects to conduct gold operations in full compliance with the provisions of this part and the provisions of a Treasury gold license, issue or cause to be issued to the applicant a Treasury gold license on the approved form for the kind of industry, profession, art, or business, in which the applicant is engaged.

(2) Licenses issued under this section may authorize the licensee to acquire and hold not to exceed a maximum amount specified therein; to transport such gold, melt or treat it to the extent necessary to meet the requirements of the industry, profession, art or business for which it was acquired and held or otherwise to carry out the purposes for which it is held under license; and to import gold so long as the aggregate amount of all gold held after such importation does not exceed the maximum amount authorized by the license to be held.

(3) Licenses issued under this paragraph do not permit the exportation or transportation from the continental United States of gold in any form. Such exportation or transportation is permitted only to the extent authorized in paragraph (b) of this section or in a separate license issued pursuant to such paragraph.

(b) *Licenses and authorizations for the exporting of gold*—(1) *Semi-processed gold*. Semi-processed gold as defined in §54.4 may be exported or transported from the continental United States only pursuant to a separate export license. Such licenses shall be issued by the Director of the Mint upon application made on Form TG-15 establishing to the satisfaction of the Director that the gold to be exported is semi-processed gold and that the export or transport from the continental United States is for a specific and customary industrial, professional, or artistic use and not for the purpose of using or holding or disposing of such semi-processed gold beyond the limits of the continental United States as, or in lieu of money, or for the value of its gold content.

(2) *Fabricated gold*. Fabricated gold as defined in § 54.4 may be exported or transported from the continental United States without the necessity of obtaining a Treasury gold license: *Provided, however*, That the Bureau of the Census Schedule B statistical classification number of each specific commodity to be exported shall be plainly marked on the outside of the package or container, the shipper's export declaration shall contain a statement that such gold is



fabricated gold as defined in § 54.4 and is being exported pursuant to the authorization contained in this subparagraph, and such additional documentation shall be furnished as may be required by the Bureau of Customs or any other government agency charged with the enforcement of laws relating to the exportation of merchandise from the United States.

(3) *Rare coin.* (i) Rare gold coin, as defined in §54.20, made prior to April 5, 1933, may be exported or transported from the continental United States without the necessity of obtaining a Treasury gold license: *Provided, however,* That the shipper's export declaration shall contain a statement that such coin is rare gold coin and is being exported pursuant to the authorization contained in this subparagraph and such additional documentation shall be furnished as may be requested by the Bureau of Customs or any other government agency charged with the enforcement of laws relating to the exportation of merchandise from the United States.

(ii) Gold coin made subsequent to April 5, 1933, may be exported or transported from the continental United States only under license on Form TGL-11 issued by the Director of the Mint. Application for such a license shall be executed on Form TG-11 and filed with the Director of the Mint, Treasury Department, Washington 25, D. C.

(4) *Other exports of gold.* Export licenses may also be issued upon application made on Form TG-15B in the same manner as prescribed in subparagraph (1) of this paragraph, authorizing the exporta-



tion of gold in any form for refining or processing subject to the condition that the refined or processed gold (or the equivalent in refined or processed gold) be returned to the United States, or subject to such other conditions as the Director may prescribe.

§ 54.26 *Investigations; records; subpoenas.* (a) The Director of the Mint is authorized to make or cause to be made such studies and investigations, to conduct such hearings, and to obtain such information as the Director deems necessary or proper to assist in the consideration of any applications for licenses, or in the administration and enforcement of the acts, the orders, and the regulations in this part.

(b) Every person holding a license issued under paragraph (a) of § 54.25, or acquiring, holding or disposing of gold pursuant to the authorizations in §§ 54.18 and 54.21, shall keep full and accurate records of all his operations and transactions with respect to gold, and such records shall be available for examination by a representative of the Treasury Department until the end of the third calendar year (or if such person's accounts are kept on a fiscal year basis, until the end of the third fiscal year) following such operations or transactions. The records required to be kept by this section shall include the name, address, and Treasury gold license number of each person from whom gold is acquired or to whom gold is delivered, and the amount, date, prescription and purchase or sales price of each such acquisition and delivery, and any other records or papers required to be kept by the terms of a Treasury Department gold li-

cense. If the person from whom gold is acquired, or to whom gold is delivered, does not have a Treasury gold license such records shall show, in lieu of the license number of such person, the section of the regulations in this part pursuant to which such gold was held or acquired by such person. Such records shall also show all costs and expenses entering into the computation of the total domestic value of articles of fabricated or semi-processed gold as defined in §54.4.

(c) The Director of the Mint (or the officers and employees of the Bureau of the Mint specifically designated by the Director) or any department or agency charged with the enforcement of the acts, the orders, or the regulations in this part, may require any person to permit the inspection and copying of records and other documents and the inspection of inventories of gold and to furnish, under oath or affirmation or otherwise, complete information relative to any transaction referred to in the acts, the orders, or the regulations in this part involving gold or articles manufactured from gold. The records which may be required to be furnished shall include any records required to be kept by this section and, to the extent that the production of such information is necessary and appropriate to the enforcement of the provisions of the acts, the orders, and the regulations in this part, or licenses issued thereunder, any other records, documents, reports, books, accounts, invoices, sales lists, sales slips, orders, vouchers, contracts, receipts, bills of lading, correspondence, memoranda, papers and drafts, and copies thereof, either before or

after the completion of the transaction to which such records refer.

(d) The Director of the Mint may administer oaths and affirmations and may, whenever necessary, require any person holding a license under § 54.25 or acquiring, holding or disposing of gold pursuant to the authorizations of §§ 54.18 or 54.21, or any officer, director, or employee of such person, to appear and testify or to appear and produce any of the records specified in paragraph (c) of this section or both, at any designated place.

§ 54.27 *Reports.* Every person holding a license issued pursuant to paragraph (a) of §54.25 shall make reports on the appropriate report form specified in such license for the six months' periods ending on the last days of June and December, respectively, and shall file such reports with the Director of the Mint, Treasury Department, Washington 25, D. C. Reports shall be filed within twenty-five days after the termination of the period for which such reports are made.

#### Subpart D—Gold for the Purpose of Settling International Balances and for Other Purposes

§ 54.28 *Acquisitions by Federal Reserve banks for purposes of settling international balances, etc.* The Federal Reserve banks may from time to time acquire from the United States by redemption of gold certificates in accordance with section 6 of the Gold Reserve Act of 1934 such amounts of gold bullion as,

in the judgment of the Secretary of the Treasury, are necessary to settle international balances or to maintain the equal purchasing power of every kind of currency of the United States. Such banks may also acquire gold (other than United States gold coin) abroad or from private sources within the United States.

§ 54.29 *Dispositions by Federal Reserve banks.* The gold acquired under § 54.28 may be held, transported, imported, exported, or earmarked for the purposes of settling international balances or maintaining the equal purchasing power of every kind of currency of the United States: *Provided*, That if the gold is not used for such purposes within 6 months from the date of acquisition, it shall (unless the Secretary of the Treasury shall have extended the period within which such gold may be so held) be paid and delivered to the Treasurer of the United States against payment therefor by credits in equivalent amounts in dollars in the accounts authorized under the sixteenth paragraph of section 16 of the Federal Reserve Act, as amended (48 Stat. 339; 12 U. S. C. 467.)

§ 54.30 *Provisions limited to Federal Reserve banks.* The provisions of this subpart shall not be construed to permit any person subject to the jurisdiction of the United States, other than a Federal Reserve bank, to acquire gold for the purposes specified in this subpart or to permit any person to acquire gold from a Federal Reserve bank except to the extent that his license issued under this part specifically so provides.

Subpart E—Gold for Other Purposes Not Inconsistent with the Purposes of the Gold Reserve Act of 1934 and the Act of October 6, 1917, as Amended

§ 54.31 *Licenses required.* Gold may be acquired and held, transported, melted or treated, imported, exported, or earmarked for purposes other than those specified in §§ 54.21 to 54.30, inclusive, not inconsistent with the purposes of the acts only to the extent permitted in §§ 54.12 to 54.20 inclusive, and § 54.32, or under a license issued under §§ 54.33 or 54.34.

§ 54.32 *Gold imported in gold-bearing materials for re-export.* (a) Gold refined (or the equivalent to gold refined) from gold-bearing materials imported into the United States for refining and re-export may be re-exported to the foreign exporter or pursuant to his order, without the necessity of obtaining a Treasury gold export license, subject to the following conditions:

(1) The imported gold-bearing material either (i) was imported into the United States from a foreign resident or a foreign organization, or (ii) was mined by a branch or other office of a United States organization and imported into the United States from such branch or office;

(2) The importer has no right, title, or interest in the gold refined from the imported gold-bearing material other than through its branch or office which is the foreign exporter as provided in subparagraph (1) (i) and (ii) of this paragraph, and the importer



will not participate in the sale of such refined gold or receive any commission in connection with the sale of such refined gold;

(3) The refined gold is to be re-exported to the foreign exporter or, pursuant to his order, to a foreign resident or foreign organization; and

(4) Such gold is imported, acquired, and held, transported, melted and treated, as permitted in §§ 54.12 to 54.20, inclusive, or in accordance with a license issued under § 54.25 and in full compliance with the provisions of paragraph (b) of this section.

(b) *Procedural requirements.* Persons exporting gold pursuant to paragraph (a) of this section shall comply with the following requirements:

(1) *Notation upon entry.* Upon the formal entry into the United States of any gold-bearing materials, the importer shall declare to the collector of customs at the port where the material is formally entered that the importation is made with the intention of exporting the gold refined therefrom to the foreign exporter, or pursuant to his order. The collector shall make on the entry a notation to this effect and forward a copy of the entry to the United States assay office at New York or to the United States mint at San Francisco, whichever is designated by the importer.

(2) *Sampling and assaying.* Promptly upon the receipt of each importation of gold-bearing material at the plant where it is first to be treated, it shall be weighed, sampled, and assayed for the gold content.



A reserve commercial sample shall be retained by such plant for at least 1 year from the date of importation, unless the assay is sooner verified by the Bureau of the Mint.

(3) *Plant records.* The importer shall cause an exact record, covering each importation, to be kept at the plant of first treatment. The records shall show the gross wet weight of the importation, the weight of containers, if any, the net wet weight, the percentage and weight of moisture, the net dry weight, and the gold content shown by the settlement assay. A true copy of such record shall be filed promptly with the assay office in New York or the mint at San Francisco, whichever has been designated to receive a copy of the entry. The plant records herein required to be kept shall be available for examination by a representative of the Treasury Department for at least 1 year after the date of the disposition of such gold.

(4) *Limitations on exports.* The gold refined (or the equivalent to gold refined) from imported gold-bearing materials shall be exported not later than seven months from the date of entry of such gold-bearing materials and shall not exceed the amount of gold shown on the refiner's settlement sheet as having been recovered from the imported gold-bearing material: *Provided*, That, such gold may be exported prior to the procurement of the refiner's settlement sheet in an amount not in excess of 90 percent of a written estimate of the gold content of the gold-bearing material based upon the actual test assay of such material.

(5) *Export declaration and certificate.* The exporter shall state on his export declaration that the shipment is gold refined (or the equivalent to gold refined) from imported gold-bearing materials which is being exported pursuant to the authorization contained in this section, and shall attach to his export declaration a certificate properly executed in duplicate on Form TG-16 and two true copies of the refiner's settlement sheet. In the event that exportation is made prior to procurement of the settlement sheet, duplicate certified copies of the report of the actual test assay of the gold-bearing material, together with a statement showing that an exportation with respect to such material is necessary prior to the time the settlement sheet can be procured, shall be submitted by the exporter with his export declaration and certificate on Form TG-16. The collector of customs shall forward a copy of the certificate on Form TG-16 and a copy of the settlement sheet, or the report of the test assay, to the United States assay office at New York or the United States mint at San Francisco, whichever has been designated to receive a copy of the entry.

§ 54.33 *Gold imported for re-export*<sup>3</sup>—(a) *Exportation promptly without license.* Gold may be imported and transported for prompt export, and exported without the necessity of holding a license, provided the gold is, in fact, exported promptly and

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<sup>3</sup>Attention is directed to Order No. 29 of the Foreign-Trade Zones Board (17 F. R. 5316; 15 CFR 400.803) which is applicable to gold.

remains under customs custody throughout the period during which it is within the customs limits of the United States. Upon the arrival in the United States of gold imported for re-export pursuant to the provisions of this section, the importer shall declare to the collector of customs at the port of entry that it will be re-exported promptly. The collector of customs shall make a notation of this declaration upon the entry and forward a copy of the entry to the Director of the Mint.

(b) *Exportation pursuant to license.* In the event that the export of any gold imported pursuant to this section is delayed due to the unavailability of facilities for the onward transportation of such gold, the Director of the Mint may, subject to the following provisions, issue licenses on Form TGL-17 authorizing the importation, holding, transportation, and exportation of gold which the Director is satisfied is, in fact, imported for re-export promptly upon the completion of necessary arrangements for the transportation of such gold.

(1) Every application for a license under this section shall be made on form TG-17 and shall be filed with the Director of the Mint.

(2) Upon receipt of the application and after making such investigation of the case as may be deemed advisable, the Director of the Mint, if satisfied that the gold was, in fact, imported for re-export promptly upon the completion of necessary arrangements for the transportation of such gold, shall issue to the applicant a license on form TGL-17.

§ 54.34 *Licenses for other purposes.* The Secretary of the Treasury, with the approval of the President, shall issue licenses authorizing the acquisition, transportation, melting or treating, importing, exporting, or earmarking of gold for purposes other than those specified in §§ 54.21 to 54.30, inclusive, 54.32 and 54.33, which, in the judgment of the Secretary of the Treasury, are not inconsistent with the purposes of the acts, subject to the following provisions:

(a) *Applications.* Every application for a license under this section shall be made on form TG-18 and shall be filed in duplicate with the Federal Reserve bank for the district in which the applicant resides or has his principal place of business. Upon receipt of the application and after making such investigation of the case as it may deem advisable, the Federal Reserve bank shall transmit to the Secretary of the Treasury the original of the application, together with any supplemental information it may deem appropriate. The Federal Reserve bank shall retain the duplicate of the application for its records.

(b) *Licenses.* If the issuance of a license is approved, the Federal Reserve bank which received and transmitted the application will be advised by the Secretary of the Treasury and directed to issue a license on form TGL-18. If a license is denied, the Federal Reserve bank will be so advised and shall immediately notify the applicant. The decision of the Secretary of the Treasury with respect to the granting or denying of a license shall be final. If a license is granted, the Federal Reserve bank shall thereupon note upon

the duplicate of the application therefor, the date of approval and issuance and the amount of gold specified in such license.

(c) *Reports.* Within 7 business days of the date of disposition of the gold acquired or held under a license issued under this section, or within 7 business days of the date of export, if such exportation is authorized, the licensee shall file a report in duplicate on form TGR-18 with the Federal Reserve bank through which the license was issued. Upon receipt of such report, the Federal Reserve bank shall transmit the original thereof to the Secretary of the Treasury, and retain the duplicate for its records.

#### Subpart F—Purchase of Gold by Mints

§ 54.35 *Purchase by mints.* The mints, subject to the conditions specified in the regulations in this part, particularly § 54.36 to § 54.44, and the general regulations governing the mints, are authorized to purchase:

(a) Gold recovered from natural deposits in the United States or any place subject to the jurisdiction thereof, which shall not have entered into monetary or industrial, professional, or artistic use, including gold contained in deposits of newly mined domestic silver;

(b) Gold contained in deposits of silver eligible for deposit at a mint for return in bar form;

(c) Scrap gold as defined in § 54.4;

(d) Gold refined from sweeps purchased from a United States mint;



(e) Gold (other than United States gold coin) imported into the United States after January 30, 1934;

(f) Gold refined (or the equivalent to gold refined) from imported gold-bearing material; and

(g) Such other gold (other than United States gold coin or gold derived therefrom) as may be authorized from time to time by rulings of the Secretary of the Treasury.

*Provided, however,* That no gold shall be purchased by any mint under the provisions of this subpart which, in the opinion of the mint, has been held at any time in noncompliance with the acts, the orders, or any regulations, rulings, instructions, or licenses issued thereunder, including the regulations in this part, or in noncompliance with section 3 of the act of March 9, 1933, or any orders, regulations, rulings, or instructions issued thereunder.<sup>4</sup>

§ 54.36 *Gold recovered from natural deposits in the United States or any place subject to the jurisdiction thereof, including gold contained in deposits of newly mined domestic silver.* (a) The mints may purchase gold under § 54.35 (a) only if the deposit of such gold is accompanied by a properly executed statement as follows:

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<sup>4</sup>Gold which has been so held in noncompliance with section 3 of the act of March 9, 1933, or the Order of the Secretary of the Treasury of December 28, 1933, may, however, be purchased in accordance with the Instructions of the Secretary of the Treasury of January 17, 1934 (§ 53.1 of this chapter, subject to the rights reserved in such Instructions and at the price stated therein.



(1) A statement on form TG-19 shall be filed with each delivery of gold by persons who have recovered such gold by mining or panning in the United States or any place subject to the jurisdiction thereof.

(2) A statement on form TG-20 shall be filed with each delivery of gold by persons who have recovered such gold from gold-bearing materials in the regular course of their business of operating a custom mill, smelter, or refinery.

(3) A statement on form TG-21 together with a statement giving the names of the persons from whom gold was purchased, the amount and description of each lot of gold purchased, the location of the mine or placer deposit from which each lot was taken, and the period within which such gold was taken from the mine or placer deposit, shall be filed with each such delivery of gold by persons who have purchased such gold directly from the persons who have mined or panned such gold.

(b) In addition, the depositors shall show that the gold was acquired, held, melted and treated, and transported by them in accordance with a license issued pursuant to § 54.25 or that such acquisition, holding, melting and treating, and transportation, is permitted under §§ 54.12 to 54.20 inclusive, without the necessity of holding a license.

§ 54.37 *Gold contained in deposits of silver.* Gold contained in deposits of silver, eligible at a mint for return in bar form, may be purchased by the mints: *Provided*, That the gold was not mixed with such silver for the purposes of selling gold to the United

States which was not eligible for purchase by the United States under paragraphs (a), (c), (d), (e), or (f) of § 54.35.

§ 54.38 *Scrap gold.* Deposits of scrap gold must be accompanied by a statement executed on form TG-22. In addition the depositors of such gold shall establish to the satisfaction of the mint that the gold was acquired, held, and transported by them in accordance with the regulations in this part or a license issued pursuant thereto.

§ 54.39 *Gold refined from sweeps purchased from a United States mint.* Gold refined from sweeps purchased from a United States mint shall be purchased only if the deposit of such gold is accompanied by a statement executed on form TG-28.

§ 54.40 *Imported gold.* Except for gold which may be purchased in accordance with the provisions of § 54.41, the mints are authorized to purchase only such gold imported into the United States as has been in customs custody throughout the period in which it shall have been situated within the customs limits of the continental United States, and then only subject to the following provisions:

(a) *Notation upon entry.* Upon formal entry into the United States of any gold intended for sale to a mint under this subpart, the importer shall declare to the collector of customs at the port of entry where the gold is formally entered that the gold is entered for such sale. The collector shall make a notation of this declaration upon the entry and forward a copy to the mint designated by the importer.

(b) *Statement by importer.* Upon the deposit of the gold with the mint designated by the importer, the importer shall file a statement executed in duplicate on form TG-23.

§ 54.41 *Gold refined from imported gold-bearing material.* The mints are authorized to purchase gold refined (or the equivalent to gold refined) from gold-bearing material which has been either imported into the United States pursuant to a license issued under paragraph (a) of § 54.25 for sale of the gold derived therefrom to a designated mint, or imported into the United States under § 54.32 (notwithstanding the declaration made by the importer upon the entry into the United States of such gold-bearing material as required by § 54.32 (b)), whether or not such gold or gold-bearing material has been in customs custody throughout the period it has been in the customs limits of the continental United States, subject to the following provisions:

(a) In the case of gold-bearing material imported pursuant to license issued under paragraph (a) of § 54.25, the importer shall declare to the collector of customs at the port of entry that the gold-bearing material is being imported for sale of the gold refined therefrom to a designated mint; the collector shall make on the entry a notation to this effect and forward a copy thereof to the mint designated by the importer.

(b) In the case of gold-bearing material imported under § 54.32, if the gold refined therefrom is offered to a mint other than the mint at San Francisco or the

assay office at New York, the importer shall have caused the copy of the entry described in § 54.32 (b) to be forwarded to the mint to which he is offering the gold for sale.

(c) Before any gold may be purchased under this section, the requirements of § 54.32 (b) (2) and (3) must be shown to have been complied with: *Provided, however,* That any person importing gold-bearing materials for sale of the gold refined therefrom to a mint other than the mint at San Francisco or the assay office at New York shall have caused the true copy of the record described in § 54.32 (b) (3) to be forwarded to the mint to which he is offering the gold for sale.

(d) Upon presentation of the gold to a mint or assay office for purchase, the importer shall file a statement executed in duplicate on form TG-26, together with two true copies of the settlement sheet covering the gold-bearing material imported.

(e) No gold shall be accepted for purchase under authority of this paragraph unless it is delivered to the mint and all of the terms hereof complied with within seven months from the date of the formal entry into the United States of the gold-bearing material from which it was extracted.

§ 54.42 *Deposits.* Deposits of gold described in § 54.35 and rulings issued thereunder will be received in amounts of not less than 1 troy ounce of fine gold when deposited in the following forms: Nuggets, grains, and dust which are in their native state free from earth and stone, or nearly so, retort sponge,

lumps, coins, bars, kings, buttons, and scrap gold as defined in § 54.44. All deposits containing 800 thousandths or more of base metal shall be rejected. In the case of gold forwarded to a mint by mail or express, a letter of transmittal shall be sent with each package. When there is a material discrepancy between the actual and invoice weights of a deposit, further action in regard to it will be deferred pending communication with the depositor.

§ 54.43 *Rejection of gold by mint.* Deposits of gold which do not conform to the requirements of §§ 54.35 to 54.42, inclusive, or which otherwise are unsuitable for mint treatment shall be rejected and returned to the person delivering the same at his risk and expense. The mints shall not purchase gold under the provisions of this subpart from any person who has failed to comply with the regulations in this part or the terms of a Treasury gold license. Any deposit of gold which has been held in noncompliance with the acts, the orders, or any regulations, rulings, instructions or licenses issued thereunder, including the regulations in this part, or in noncompliance with section 3 of the act of March 9, 1933, or any orders, regulations, rulings, or instructions issued thereunder, may be held subject to the penalties provided in § 54.11 or section 3 of the act of March 9, 1933.

§ 54.44 *Purchase price.* The mints shall pay for all gold purchased by them in accordance with this subpart \$35.00 (less one-fourth of 1 percent) per troy ounce of fine gold, but shall retain from such purchase price an amount equal to all mint charges. This price



may be changed by the Secretary of the Treasury without notice other than by notice of such change mailed or telegraphed to the mints.

### Subpart G—Sale of Gold by Mints

§ 54.51 *Authorization to sell gold.* Each mint is authorized to sell gold to persons holding licenses issued pursuant to § 54.25, or to persons authorized under § 54.21 to acquire such gold for use in industry, profession, or art: *Provided, however,* That except in justified cases, no mint may sell gold to any person in an amount which, in the opinion of such mint, exceeds the amount actually required by such person for a period of 3 months. Prior to the sale of any gold under this subpart, the mint shall require the purchaser to execute and file in duplicate a statement on form TG-24, or, if such purchaser is in the business of furnishing gold for use in industries, professions, and arts, on form TG-25. The mints are authorized to refuse to sell gold in amounts less than 25 ounces, and shall not sell gold under the provisions of this subpart to any person who has failed to comply with the regulations in this part or the terms of his license.

§ 54.52 *Sale Price.* The mints shall charge for all gold sold under this article \$35.00 (plus one-fourth of 1 percent) per troy ounce of fine gold plus the regular mint charges. This price may be changed by the Secretary of the Treasury without notice other than by notice of such change mailed or telegraphed to the mints.



## Subpart H—Transitory Provisions

§ 54.70 *Legal effect of amendment of regulations.*  
This amendment of the Gold Regulations shall not affect any act done or any right accruing or accrued or any suit or proceeding had or commenced in any civil or criminal cause prior to the effective date of this amendment but all such liabilities shall continue and may be enforced as if said amendment had not been made.

Note: The record-keeping and reporting requirements of these regulations have been approved by the Bureau of the Budget in accordance with the Federal Reports Act of 1942.

[Seal]

H. Chapman Rose,  
*Acting Secretary of the Treasury.*

[F. R. Doc. 54-5329; Filed, July 13, 1954; 8:48 a.m.]

No. 16,170

United States Court of Appeals  
For the Ninth Circuit

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GLADYS LAYCOCK,

vs.

FRANK J. KENNEY,

*Appellant,*

*Appellee.*

Appeal from the United States District Court  
for the District of Oregon.

APPELLANT'S SUPPLEMENTAL BRIEF  
AS REQUESTED BY THE COURT.

---

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PAUL P. O'BRIEN, CLERK



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No. 16,170

**United States Court of Appeals  
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GLADYS LAYCOCK,

*Appellant,*

VS.

FRANK J. KENNEY,

*Appellee.*

**Appeal from the United States District Court  
for the District of Oregon.**

**APPELLANT'S SUPPLEMENTAL BRIEF  
AS REQUESTED BY THE COURT.**

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The order of this Court required supplemental briefs dealing with two questions stated. To brief either of those questions requires a statement of the essential facts.

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**THE ESSENTIAL FACTS.**

The appellant alleges a patent from the government which granted to her a vested right to possess and use the gold on the patented claim. The appellee seeks to enforce regulations which invade that private right. Those regulations, under threat of arrest, prosecution



and fine prohibit the appellant from producing, owning or using her gold except under a license. The license requires her to surrender her gold at a price set by the regulations, which price is below the cost of production.

The complaint alleges that no statute of the United States sets a price for gold, and that Congress has not and could not delegate the power to set the price for gold.

Accordingly the complaint alleges the regulations to be:

- (a) Unwarranted by any law;
- (b) Contrary to any constitutional power, and
- (c) That the regulations violate appellant's constitutional rights.

The action seeks to restrain the defendant from action, which is unauthorized by any valid law or regulation. The relief sought is against the offending officer. The decree sought will expend itself on the official who is before the Court. If he be enjoined as prayed, the matter is at an end; that is all the relief which appellant seeks.

Appellant does not seek to impose any liability upon the government; she seeks no recovery from the government; she does not ask that the government be required to buy her gold or be required to do anything. The appellant seeks only to be let alone—so that she may produce and use the gold which was granted to her by the patent from the government. *This suit challenges the authority to do the thing complained of.*

Therefore, THIS IS NOT A SUIT AGAINST THE GOVERNMENT.

When a suit challenges the authority to do the thing complained of "it is not a suit against the United States".

*Hynes v. Grimes Packing Co.*, 337 U.S. 86 at 96;

*Larson v. Domestic and Foreign Corporation*, 337 U.S. 682 at 704;

*Land v. Dollar*, 330 U.S. 331;

*Colorado v. Toll*, 268 U.S. 228;

*Philadelphia Co. v. Stimson*, 223 U.S. 605 at 620;

*Pennoyer v. McConnaughly*, 140 U.S. 10;

*United States v. Lee*, 106 U.S. 196;

*Osborne v. Bank of the United States*,  
9 Wheaton 738.

Those decisions specifically hold that a suit to restrain one who claims to act as an officer of the government under color of an unconstitutional statute is not a suit against the government.

In the *Pennoyer* decision the Court followed and quoted from *Osborne v. Bank of the United States* as follows:

"The case may then be said to have fully established the doctrine that an officer of the state may be enjoined from executing a statute of the state, which is in conflict with the constitution of the United States, when such execution would violate the rights and privileges of the complainant".

Where an officer attempts to enforce an order, the effect of which will be to wrongfully deprive a party of vested rights acquired under Acts of Congress, such suit is not a "suit against the United States" and may be maintained without the presence of the United States.

*Ickes v. Fox*, 300 U.S. 82 at 96.

The situation there outlined is the identical situation present in this case. Under the patent granted by the United States under an Act of Congress, the plaintiff acquired vested property rights. The defendant attempts wrongfully to interfere with those property rights. Hence the action is not a suit against the United States.

A public official becomes a tort-feasor when he exceeds the limit of his authority. If, in excess of his authority, such an official seizes or injures the property rights of the citizen, that citizen is not relegated to the Court of Claims to recover a money judgment.

"The dominant interest of the sovereign is then on the side of the victim who may bring his possessory action to reclaim that which is wrongfully withheld."

330 U.S. 738.

Under such uniform decisions the plaintiff's action here is not a suit against the government. To constitute a suit against the government a suit must seek some financial recovery against the government such as described in *Mine Safety Co. v. Forrestal*, 326 U.S. at 371, where the Court said

That the government's liability for money cannot be tried "behind its back".

In *Hynes v. Grimes Packing Co.*, 337 U.S. at 96 the Court described the proper test as, whether "the decree which is entered will effectively grant the relief desired by expending itself on the subordinate official who is before the Court". Such is the situation here. The decree asked will be effective by expending itself on the defendant who is before the Court. It will not establish any right of recovery as against the government or require the government to do anything. It does not ask any money judgment against the government, and does not request any positive action by the government.

The Courts have also said that a suit is not a suit against the government unless it seeks some recovery from the public treasury or "it interfere with the public administration".

*Land v. Dollar*, 330 U.S. at 738, citing *ex parte New York*, 256 U.S. 490.

But *ex parte New York* carefully distinguishes a suit brought against an officer acting under the color of an unconstitutional statute and specifically holds that such a suit is not an action against the government. Furthermore, the phrase "interfere with the public administration" has a specific and limited meaning under *Morrison v. Work*, 266 U.S. 481.

In that case the Indian property was controlled by the United States as guardian for the Indians. The

Court showed that the lands were the property of the United States which had power to dispose of them.

The opinion then said that "to interfere with the management and disposition of the lands by the United States by enjoining its officials would interfere with the performance of governmental functions." (Page 485.) But such is not the instant case.

Here the property which the appellant seeks to protect is her own property, not the property of the United States, and the government has no power of management or administration over that property.

We submit that under the settled law the instant case is not a suit against the United States.

The matter is summed up in one sentence by the Courts of Appeals both for the Fourth Circuit and for the District of Columbia as follows:

"Where the authority to do the particular act has not been conferred, or constitutional power to confer it is lacking, the suit is not subject to the objection that it is against the United States".

*Krug v. Fox*, 161 Fed. (2d) 1013;

*Ainsworth v. Barn Co.*, 157 Fed. (2d) 101.

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**NO OFFICIAL OR AGENCY OF THE UNITED STATES WHO IS NOT NAMED AS A PARTY HEREIN IS AN INDISPENSABLE PARTY TO THIS ACTION.**

The complaint seeks only to enjoin the defendant from acting under regulations which the complaint alleges to be beyond any authority conferred by acts



of Congress, and beyond the authority of Congress itself.

The decree sought will not require any other official or government agency to take any action whatsoever. The decree sought will only enjoin the defendant from interfering with the plaintiff in her business—that is to be let alone.

The decisions sustain the right of a citizen to enjoin a public official, who invades a private right by exceeding his authority or by carrying out a mandate of his superior. Such injunction will be granted without joining his superior or any other party.

*Williams v. Fanning*, 332 U.S. 490;

*Hynes v. Grimes Packing Co.*, 337 U.S. 86;

*Ickes v. Fox*, 300 U.S. 82.

Those decisions in and of themselves control this case.

It must be noted that in those cases there was no allegation that the defendant was acting without constitutional authority. Those opinions held that an injunction should issue to protect property rights against unwarranted interference by a subordinate official, without joining his superior or any other party or agency.

The uniform decisions hold that when a subordinate official invades private rights by acting under an unconstitutional statute or regulation, such official will be enjoined, and that no other party or agency is an indispensable party to the proceeding.

*Colorado v. Toll*, 268 U.S. 228;

*Philadelphia v. Stimson*, 223 U.S. 605 at 620;



*Larsen v. Domestic and Foreign Corporation*,  
337 U.S. 682 at 690 and 704;  
*United States v. Lee*, 106 U.S. 196.

This Court itself has uniformly sustained the right to maintain an action against a subordinate official, when the complaint alleged that such officer was acting under regulations issued by a superior, which were beyond the powers delegated to him.

In *Neher v. Harwood*, 128 Fed. (2d) 846 this Court quoted from and has uniformly followed the ruling in the *Toll* case which said:

“The object of the bill is to restrain an individual from doing acts that it is alleged that he has no authority to do and that derogate from the quasi-sovereign authority of the State. There is no question that a bill in equity is a proper remedy and that it may be pursued against the defendant without joining either his superior officers or the United States”.

268 U.S. 230;

See also

*Berdie v. Kurtz*, 75 Fed. (2d) 898.

This Court carefully distinguished two different situations:

(1) Where the superior officer is without authority to act, his attempt to do so is invalid and the subordinate may be restrained without joining his superior. This Court so holds.

(2) Where the superior officer has acted under a valid statute, but has abused his discretion, such superior officer should be joined in an action against the subordinate. This Court has so held.

The last decision of this Court is

*Williams v. Fanning*, 158 Fed. (2d) 95

decided in December 1946. That decision rested upon this Court's decision in

*Neher v. Harwood*, 128 Fed. (2d) 846.

Subsequently and in 1957 the Supreme Court ruled in

*Williams v. Fanning*, 332 U.S. 490,

that when a subordinate official invades a private right by carrying out a mandate of his superior, a suit to enjoin such subordinate may be maintained against the subordinate alone, without joining his superior or any other party.

The Court held that such a suit may be maintained if the decree to be entered will effectively grant the relief prayed by expending itself on the subordinate official who is before the Court by causing him to desist from the unwarranted interference with a private right.

The *Fanning* opinion was followed in

*Hynes v. Grimes Packing Co.*, 337 U.S. 86.

At page 97 the Court showed that the plaintiffs merely sought an injunction to restrain the subordinate officer from interfering with their business (fishing); that the plaintiffs did not seek affirmative action by the subordinate, and that if he were enjoined the plaintiffs would have received all the relief they sought. The Court held that such issue could be settled by a decree between the parties "without having the Secretary \* \* \* as a party to the litigation". (Page 97.)

Such is the precise situation in the instant case. The appellant seeks only a decree to enjoin the appellee from interfering with her business and her property. She seeks merely to be let alone. She does not ask that the appellee be required to take any affirmative action. The issue is her right to be let alone in her business without interference by the appellee. That issue can be settled by a decree between the parties.

We submit, therefore, that the defendant is the only necessary party to this action and that there is no other indispensable party.

Dated, May 14, 1959.

Respectfully submitted,

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**United States**  
**COURT OF APPEALS**

**for the Ninth Circuit**

---

GLADYS LAYCOCK,

*Appellant,*

vs.

FRANK J. KENNEY,

*Appellee.*

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**APPELLEE'S BRIEF**

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*On Appeal from the Judgment of the United States  
District Court for the District of Oregon.*

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**FILED**

MAR 5 1959

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**United States**  
**COURT OF APPEALS**  
**for the Ninth Circuit**

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GLADYS LAYCOCK,

*Appellant,*

vs.

FRANK J. KENNEY,

*Appellee.*

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**APPELLEE'S BRIEF**

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*On Appeal from the Judgment of the United States  
District Court for the District of Oregon.*

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**OPINION BELOW**

The court below delivered a written opinion that the plaintiff's Second Amended Complaint fails to state a claim upon which relief can be granted (R. 15-17), and pursuant thereto entered Findings of Fact, Conclusions of Law and Judgment (R. 17-19) and Judgment of Dismissal (R. 20). These documents provide that the Judgment of Dismissal shall operate as an adjudication on the merits.

## JURISDICTIONAL STATEMENT

Plaintiff invoked the jurisdiction of the District Court under Article III, § 2 of the Constitution and the Act of June 22, 1948 (Chapter 646, 62 Stat. 930; 28 USCA 1331) and asserts jurisdiction of this court under 28 USCA 1291.

The appellee moved to dismiss on four grounds (R. 14, 15). Ground I asserts that the complaint fails to allege facts to establish jurisdiction over the United States of America; that the defendant (appellee) is an officer of the United States Government acting within limits of his powers under a constitutional statute, and that therefore the action is one against the United States. The court did not rule on this point.

Ground II moved for dismissal for failure to join the Secretary of the Treasury. The court did not rule on this point.

Ground III asserted the failure of the complaint to state a claim or cause of action upon which relief can be granted. The court ruled that on this ground the defendant was entitled to dismissal.

Ground IV asserted that the complaint fails to state a claim or cause of action against the defendant-appellee, Frank J. Kenney. The court did not rule on this point.

Appellee asserts that the judgment of the court below should be affirmed, but submits that Grounds I, II and IV would also entitle appellee to dismissal.

## QUESTIONS PRESENTED

1. Is the power of Congress over money constitutionally limited to "coined money"?

2. Are the Regulations (3 CFR 54.1—54.70 (Supp 1958)) promulgated by the Secretary of the Treasury under the Gold Reserve Act of 1934 (48 Stat. 337, codified in scattered sections of Titles 12 and 31, USC) reasonably related to the Secretary's statutory duty to maintain the parity of all forms of money issued or coined by the United States, with the dollar of gold 9/10ths fine of the weight determined under the provisions of 31 USC 821?

3. Did the Second Amended Complaint fail to state a claim or cause of action upon which relief can be granted?

4. Is the action in fact one against the United States?

5. Is the Secretary of the Treasury an indispensable party?

(Four and Five need not be reached if the court finds, as the District Court did, that the complaint fails to state a claim or cause of action upon which relief can be granted.)

## STATUTES INVOLVED

12 USC § 213—

*"Ratification of acts of President and Secretary of Treasury*

"All actions, regulations, rules, orders, and proclamations heretofore taken, promulgated, made, or

issued by the President of the United States or the Secretary of the Treasury, under sections 51a-51d, 95, 95a, 95b, 210-211, 212, 248, 347b-347d, and 445 of this title, or under sections 821 or 823 of Title 31, or under section 5, Appendix of Title 50, are hereby approved, ratified, and confirmed. Jan. 30, 1934, c. 6, § 13, 48 Stat. 343."

## 12 USC § 413—

### *"Reserves against deposits and notes*

"Every Federal Reserve bank shall maintain reserves in gold certificates of not less than 25 per centum against its deposits and reserves in gold certificates of not less than 25 per centum against its Federal Reserve notes in actual circulation: *Provided, however,* That when the Federal Reserve agent holds gold certificates as collateral for Federal Reserve notes issued to the bank such gold certificates shall be counted as part of the reserve which such bank is required to maintain against its Federal Reserve notes in actual circulation. Notes so paid out shall bear upon their faces a distinctive letter and serial number which shall be assigned by the Board of Governors of the Federal Reserve System to each Federal reserve bank. Notes presented for redemption at the Treasury of the United States shall be paid out of the redemption fund and returned to the Federal Reserve banks through which they were originally issued, and thereupon such Federal Reserve bank shall, upon demand of the Secretary of the Treasury, reimburse such redemption fund in lawful money or, if such Federal Reserve notes have been redeemed by the Treasurer in gold certificates, then such funds shall be reimbursed to the extent deemed necessary by the Secretary of the Treasury in gold certificates, and such Federal Reserve bank shall, so long as any of its Federal Reserve notes remain outstanding, maintain with the Treasurer in gold certificates an amount sufficient in the judgment of the Secretary

to provide for all redemptions to be made by the Treasurer. Federal Reserve notes received by the Treasurer otherwise than for redemption may be exchanged for gold certificates out of the redemption fund provided in sections 414 and 415 of this title and returned to the Reserve bank through which they were originally issued, or they may be returned to such bank for the credit of the United States. Federal reserve notes unfit for circulation shall be returned by the Federal reserve agents to the Comptroller of the Currency for cancellation and destruction. As amended June 12, 1945, c. 186, § 1(a), 59 Stat. 237; July 19, 1954, c. 547, 68 Stat. 495."

## 12 USC § 462—

*"Balance which member banks must keep in reserve banks*

"Every bank, banking association, or trust company which is or which becomes a member of any Federal reserve bank shall establish and maintain reserve balances with its Federal reserve bank as follows:

"(a) If not in a reserve or central reserve city, as now or hereafter defined, it shall hold and maintain with the Federal reserve bank of its district an actual net balance equal to not less than 7 per centum of the aggregate amount of its demand deposits and 3 per centum of its time deposits.

"(b) If in a reserve city, as now or hereafter defined, it shall hold and maintain with the Federal reserve bank of its district an actual net balance equal to not less than 10 per centum of the aggregate amount of its demand deposits and 3 per centum of its time deposits: *Provided, however,* That if located in the outlying districts of a reserve city or in territory added to such city by the extension of its corporate charter, it may, upon the affirmative vote of five members of the Board of



Governors of the Federal Reserve System, hold and maintain the reserve balances specified in paragraph (a) hereof.

“(c) If in a central reserve city, as now or hereafter defined, it shall hold and maintain with the Federal reserve bank of its district an actual net balance equal to not less than 13 per centum of the aggregate amount of its demand deposits and 3 per centum of its time deposits; *Provided, however,* That if located in the outlying district of a central reserve city or in territory added to such city by the extension of its corporate charter, it may, upon the affirmative vote of five members of the Board of Governors of the Federal Reserve System, hold and maintain the reserve balances specified in paragraphs (a) or (b) thereof. Dec. 23, 1913, c. 6, § 19, 38 Stat. 270; Aug. 15, 1914, c. 252, 38 Stat. 691; June 21, 1917, c. 32, § 10, 40 Stat. 239; Sept. 26, 1918, c. 177, § 4, 40 Stat. 970; Aug. 23, 1935, c. 614, § 203(a), 49 Stat. 704.”

## 22 USC § 286—

### *“Acceptance of membership by United States in International Monetary Fund*

“The President is authorized to accept membership for the United States in the International Monetary Fund (hereinafter referred to as the ‘Fund’), and in the International Bank for Reconstruction and Development (hereinafter referred to as the ‘Bank’), provided for by the Articles of Agreement of the Fund and the Articles of Agreement of the Bank as set forth in the Final Act of the United Nations Monetary and Financial Conference dated July 22, 1944, and deposited in the archives of the Department of State. July 31, 1945, c. 339, § 2, 59 Stat. 512.”

(NOTE: Detailed provisions in subdivisions 286a—m not reproduced herein.)

## 31 USC § 314—

*“Standard unit of value*

“The dollar of gold nine-tenths fine consisting of the weight determined under the provisions of section 821 of this title shall be the standard unit of value, and all forms of money issued or coined by the United States shall be maintained at a parity of value with this standard, and it shall be the duty of the Secretary of the Treasury to maintain such parity. R.S. § 3511; Mar. 14, 1900, c. 41, § 1, 31 Stat. 45; May 12, 1933, c. 25, Title III, § 43, 48 Stat. 51; June 5, 1933, c. 48, § 2, 48 Stat. 113; Jan. 30, 1934, c. 6, § 12, 48 Stat. 342; Aug. 23, 1935, c. 614, § 203(a), 49 Stat. 704; Jan. 23, 1937, 2 p.m., c. 5, § 2, 50 Stat. 4; July 6, 1939, c. 260, § 3, 53 Stat. 998.”

## 31 USC § 442—

*“Regulations for the acquisition and use of gold; exemption of gold held beyond continental United States*

“The Secretary of the Treasury shall, by regulations issued hereunder, with the approval of the President, prescribe the conditions under which gold may be acquired and held, transported, melted or treated, imported, exported, or earmarked: (a) for industrial, professional, and artistic use; (b) by the Federal Reserve banks for the purpose of settling international balances; and (c) for such other purposes as in his judgment are not inconsistent with the purposes of sections 315b, 405b, 408a, 408b, 440-446, 752, 754a, 754b, 767, 821, 822a, 822b, and 824 of this title and sections 213, 411-415, 417, and 467 of Title 12. Gold in any form may be acquired, transported, melted or treated, imported, exported, or earmarked or held in custody for foreign or domestic account (except on behalf of the United States) only to the extent permitted by, and subject to the conditions prescribed in, or pursuant to, such regulations. Such regulations may exempt from

the provisions of this section, in whole or in part, gold situated in places beyond the limits of the continental United States. Jan. 30, 1934, c. 6, § 3, 48 Stat. 340, 1946 Proc. No. 2695, 11 F.R. 7517, 60 Stat. 1352."

### 31 USC § 462—

#### *"Coins and currencies*

"All coins and currencies of the United States (including Federal Reserve notes and circulating notes of Federal Reserve banks and national banking associations) heretofore or hereafter coined or issued, shall be legal tender for all debts, public and private, public charges, taxes, duties, and dues, except that gold coins, when below the standard weight and limit of tolerance provided by law for the single piece, shall be legal tender only at valuation in proportion to their actual weight. May 12, 1933, c. 25, Title III, § 43(b)(1), 48 Stat. 52; June 5, 1933, c. 48, § 2, 48 Stat. 113."

### 31 USC § 463—

#### *"Provision for payment of obligations in gold prohibited; uniformity in value of coins and currencies*

"(a) Every provision contained in or made with respect to any obligation which purports to give the obligee a right to require payment in gold or a particular kind of coin or currency, or in an amount in money of the United States measured thereby, is declared to be against public policy; and no such provision shall be contained in or made with respect to any obligation hereafter incurred. Every obligation, heretofore or hereafter incurred, whether or not any such provision is contained therein or made with respect thereto, shall be discharged upon payment, dollar for dollar, in any coin or currency which at the time of payment is legal tender for public and private debts. Any such provision contained in any law authorizing obligations to be issued by or under authority of the United States,

is repealed, but the repeal of any such provision shall not invalidate any other provision or authority contained in such law.

“(b) As used in this section, the term ‘obligation’ means an obligation (including every obligation of and to the United States, excepting currency) payable in money of the United States; and the term ‘coin or currency’ means coin or currency of the United States, including Federal Reserve notes and circulating notes of Federal Reserve banks and national banking associations. June 5, 1933, c. 48, § 1, 48 Stat. 113.”

### 31 USC § 821—

*“Purchase of Treasury bills and other obligations of United States; issuance of United States notes to repay money borrowed and purchase Government bonds; legal tender; retirement of notes; regulation of value of gold and silver coins*

“Whenever the President finds, upon investigation, that (1) the foreign commerce of the United States is adversely affected by reason of the depreciation in the value of the currency of any other government or governments in relation to the present standard value of gold, or (2) action under this section is necessary in order to regulate and maintain the parity of currency issues of the United States, or (3) an economic emergency requires an expansion of credit, or (4) an expansion of credit is necessary to secure by international agreement a stabilization at proper levels of the currencies of various governments, the President is authorized, in his discretion—

“(a) To direct the Secretary of the Treasury to enter into agreements with the several Federal Reserve banks and with the Board of Governors of the Federal Reserve System whereby the Board of Governors of the Federal Reserve System will, and it is authorized to, notwithstanding any provisions of law or rules and regulations to the contrary,

permit such reserve banks to agree that they will, (1) conduct, pursuant to existing law, throughout specified periods, open market operations in obligations of the United States Government or corporations in which the United States is the majority stockholder, and (2) purchase directly and hold in portfolio for an agreed period or periods of time Treasury bills or other obligations of the United States Government in an aggregate sum of \$3,000,000,000 in addition to those they may then hold, unless prior to the termination of such period or periods the Secretary shall consent to their sale. No suspension of reserve requirements of the Federal Reserve banks, under the terms of section 248(c) of Title 12, necessitated by reason of operations under this section, shall require the imposition of the graduated tax upon any deficiency in reserves as provided in said section 248(c). Nor shall it require any automatic increase in the rates of interest or discount charged by any Federal Reserve bank, as otherwise specified in that section. The Board of Governors of the Federal Reserve System, with the approval of the Secretary of the Treasury, may require the Federal Reserve banks to take such action as may be necessary, in the judgment of the Board and of the Secretary of the Treasury, to prevent undue credit expansion.

“(b) If the Secretary, when directed by the President, is unable to secure the assent of the several Federal Reserve banks and the Board of Governors of the Federal Reserve System to the agreements authorized in this section, or if operations under the above provisions prove to be inadequate to meet the purposes of this section, or if for any other reason additional measures are required in the judgment of the President to meet such purposes, then the President is authorized—

“(1) Repealed. June 12, 1945, c. 186, § 4, 59 Stat. 238.

“(2) Expired.



“The President, in addition to the authority to provide for the unlimited coinage of silver at the ratio so fixed, under such terms and conditions as he may prescribe, is further authorized to cause to be issued and delivered to the tenderer of silver for coinage, silver certificates in lieu of the standard silver dollars to which the tenderer would be entitled and in an amount in dollars equal to the number of coined standard silver dollars that the tenderer of such silver for coinage would receive in standard silver dollars.

“The President is further authorized to issue silver certificates in such denominations as he may prescribe against any silver bullion, silver, or standard silver dollars in the Treasury not then held for redemption of any outstanding silver certificates, and to coin standard silver dollars or subsidiary currency for the redemption of such silver certificates.

“The President is authorized, in his discretion, to prescribe different terms and conditions and to make different charges, or to collect different seigniorage, for the coinage of silver of foreign production than for the coinage of silver produced in the United States or its dependencies. The silver certificates herein referred to shall be issued, delivered, and circulated substantially in conformity with the law now governing existing silver certificates, except as may herein be expressly provided to the contrary, and shall have and possess all of the privileges and the legal tender characteristics of existing silver certificates now in the Treasury of the United States, or in circulation.

“The President is authorized, in addition to other powers, to reduce the weight of the standard silver dollar in the same percentage that he reduces the weight of the gold dollar.

“The President is further authorized to reduce and fix the weight of subsidiary coins so as to



maintain the parity of such coins with the standard silver dollar and with the gold dollar. May 12, 1933, c. 25, Title III, § 43, 48 Stat. 51; June 5, 1933, c. 48, § 2, 48 Stat. 113; Jan. 30, 1934, c. 6, § 12, 48 Stat. 342; Aug. 23, 1935, c. 614, § 203(a), 49 Stat. 704; Jan. 23, 1937, 2 p.m., c. 5, § 2, 50 Stat. 4; July 6, 1939, c. 260, § 3, 53 Stat. 998; June 12, 1945, c. 186, § 4, 59 Stat. 238."

### 31 USC 822a—

*"Stabilization of exchange value of dollar; stabilization fund; payment of subscription to International Monetary Fund; repayment covered into Treasury*

"(a) For the purpose of stabilizing the exchange value of the dollar, the Secretary of the Treasury, with the approval of the President, directly or through such agencies as he may designate, is authorized, for the account of the fund established in this section, to deal in gold and foreign exchange and such other instruments of credit and securities as he may deem necessary to carry out the purpose of this section. An annual audit of such fund shall be made and a report thereof submitted to the President and to the Congress.

"(b) To enable the Secretary of the Treasury to carry out the provisions of this section there is appropriated, out of the receipts which are directed to be covered into the Treasury under section 408b of this title, the sum of \$2,000,000,000, which sum when available shall be deposited with the Treasurer of the United States in a stabilization fund (hereinafter called the 'fund') under the exclusive control of the Secretary of the Treasury, with the approval of the President, whose decisions shall be final and not be subject to review by any other officer of the United States. The fund shall be available for expenditure, under the direction of the Secretary of the Treasury and in his discretion, for any purpose in connection with carrying out the provisions of this section, including the

investment and reinvestment in direct obligations of the United States of any portions of the fund which the Secretary of the Treasury, with the approval of the President, may from time to time determine are not currently required for stabilizing the exchange value of the dollar. Such fund shall not be used in any manner whereby direct control and custody thereof pass from the President and the Secretary of the Treasury. The proceeds of all sales and investments and all earnings and interest accruing under the operations of this section shall be paid into the fund and shall be available for the purposes of the fund.

“(c) The Secretary of the Treasury is directed to use \$1,800,000,000 of the fund established in this section to pay part of the subscription of the United States to the International Monetary Fund; and any repayment thereof shall be covered into the Treasury as a miscellaneous receipt. Jan. 30, 1934, c. 6, § 10, 48 Stat. 341; Jan. 23, 1937, 2 p.m., c. 5, § 1, 50 Stat. 4; July 6, 1939, c. 260, §§ 1, 2, 53 Stat. 998; June 30, 1941, c. 265, § 1, 55 Stat. 395; Apr. 29, 1943, c. 76, §§ 1, 2, 57 Stat. 68; July 31, 1945, c. 339, § 7(a), 59 Stat. 514.”

### STATEMENT OF THE CASE

Appellant has brought this action challenging the authority of the Secretary of the Treasury to exercise authority delegated to him *inter alia* by the President pursuant to § 3 of the Gold Reserve Act of 1934 (31 USC 442), and seeking declaratory relief and an injunction to restrain the appellee, a Treasury Agent resident in Oregon, from enforcing the regulations which regulate the unlicensed melting-down and dealing in mined gold.

This case was brought subsequent to the decision of this court adverse to appellant herein, styled *Gladys Laycock v. United States of America*, (1956), 230 F.2d 848, cert. den. (1956), 351 U.S. 964, in which plaintiff sought damages under the Tucker Act (28 USC 1346 (a)(2)), contending that the government action under the gold program amounts to a "taking" of appellant's property for which "just compensation" is due under the Fifth Amendment.

Appellant in this appeal seems basically to contend that the constitutional power of Congress to "coin money, regulate the value thereof and of foreign coin, and fix the standard of weights and measures" (Art. I, § 8, Const.) does not extend to regulating the value of currency or to the governmental management of media of exchange other than coined money, that the plaintiff has a right to mine her gold and dispose of it at a profit, which she claims to be unable to do for \$35 per troy ounce, and that to deprive her of such a claimed right amounts to a "taking" within the protection of the Fifth Amendment; that the "irredeemable currency which the government offers in exchange for the plaintiff's gold does not and cannot constitute just compensation"; and that no department of the government has any power to set the price of the metal gold.

From the opinion below, dismissing the complaint, appellant appeals. Appellee contends that the dismissal of the complaint was proper, and asserts that such dismissal was proper on the ground stated by the District Court and additional grounds not ruled upon, as outlined in the Jurisdictional Statement, *supra*.

## ARGUMENT

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### Introduction

Appellee, an agent of the U. S. Secret Service, is charged with enforcing in his territory Gold Regulations issued by the Secretary of the Treasury under § 3 of the Gold Reserve Act of 1934 (31 USC 442). These Regulations impose no restrictions on transactions in gold in its natural state or newly-mined gold which has not been melted, smelted, or treated or refined (31 CFR 54.19). Further, the Regulations do not require appellant to sell her gold to the government at a fixed price or at any price. She may sell her ore without restriction to any purchaser in the United States. If she chooses to have her ore refined, melted, treated, etc., she is permitted by the Regulations to sell it to persons authorized by a Treasury gold license or by a general provision in the Regulations authorizing users of small amounts of gold to acquire gold for use in industry, profession, or art. She may, if she chooses, sell such gold to the U. S. Mint at a price set forth in the Gold Regulations, \$35 per fine troy ounce, less the handling charges (3 CFR 54.36, 54.44), but to repeat, she is not required to do this. Appellee, in carrying out his duties, is charged with enforcing the provisions of the Regulations requiring a license to melt and treat gold and prohibiting sales of melted and treated gold to unauthorized persons.

Appellee submits that the Gold Regulations challenged are reasonable administrative regulations in furtherance of the lawful exercise by Congress of the

constitutional enablement to Congress to regulate the value of money. It is submitted that the following material supports this proposition. If the court should come to a different conclusion than the Secretary of the Treasury, that is not enough, we submit, to disturb the administrative regulations, unless the court should also find that the regulations are arbitrary, capricious or unreasonable. Certainly, the following discussion demonstrates that there is a rational and reasonable basis for the regulations in support of a Congressional authorization and policy which they are designed to further in effecting the regulation of money.

The price which appellant may realize for her gold results, in substance, from the Treasury's operations in buying and selling gold domestically in all authorized transactions and, internationally, in the settlement of international balances, all at the official price of \$35 per fine troy ounce. These transactions are carried out pursuant to authority granted by Congress in §§ 8, 9 and 10 of the Gold Reserve Act of 1934 (31 USC 733, 734, 822a), pursuant to international agreement, and in accordance with the policies expressed by Congress in the Act of March 14, 1900, as amended (31 USC 314) and in the Bretton Woods Agreements Act (22 USC 286). The \$35 price is the equivalent of the weight of the gold dollar, 15 and 5/21 grains of gold 9/10ths fine, as defined by Proclamation No. 2072, Jan. 31, 1934 (48 Stat. 1730). By law, the gold dollar, as so defined, is the standard unit of value in the United States (31 USC 314). A par value for the dollar of 15-5/21 grains of gold 9/10ths fine was communicated by the



United States to the International Monetary Fund. Under § 5 of the Bretton Woods Agreements Act, this par value may not be changed without the consent of Congress. The Articles of Agreement of the International Monetary Fund (60 Stat. 1401) provide in Article IV, § 2, that members may not buy gold at a price above par value plus a prescribed margin (now 1%) or sell gold at a price below par value minus the prescribed margin.

Thus, it cannot be said that appellee, in enforcing the Gold Regulations, is requiring appellant to sell her gold to the government at a fixed price. Under the regulations, gold need not be sold to the government, and if it is sold privately there is no provision in the regulations prescribing the price that may be realized.

## **I. Historical Background—**

### **United States Monetary Standard.**

Congress established the first monetary system of the United States under the Constitution in the Coinage Act of April 2, 1792 (1 Stat. 246 et seq.). That Act provided for the free and unlimited coinage of both gold and silver at a ratio of 15-1 (1 Stat. 248, 249). The gold coins authorized were the eagle, having a value of ten dollars and a gold content of  $247\frac{4}{8}$  grains of pure gold, and smaller coins having proportionate amounts of gold. A dollar or unit containing  $371\frac{4}{16}$  grains of pure silver was also provided for in this Act. Both gold and silver coins were legal tender. The monetary system which this Act instituted is commonly



defined by authorities on money as one of bimetallism, i.e., simultaneous maintenance of a gold and silver standard. Chandler, *Economics of Money and Banking*, Rev. Ed., Harper Bros., N.Y. 1953, pp. 103, 108; Prather, *Money and Banking*, 6th Ed., Irwin, Inc., Homewood, Ill., 1957, p. 129.

The Act of February 12, 1873 (R.S. 3511) made the gold dollar, consisting of 25.8 grains of gold 0.900 fine, the standard unit of value in the United States. Provision for silver dollars was omitted from the 1873 Act, with the exception of trade dollars having a larger silver content than the former silver dollar and intended for use for trading purposes in the Orient (R.S. 3513).

The coinage of silver dollars was again authorized by the Bland-Allison Act of February 28, 1878 (20 Stat. 25). However, no change was made in the provisions of the 1873 Act establishing the gold dollar as the standard unit of value in the United States and this policy was reaffirmed by the Gold Standard Act of March 14, 1900 (31 Stat. 45), which further provided that "all forms of money issued or coined by the United States shall be maintained at parity of value with this standard and it shall be the duty of the Secretary of the Treasury to maintain such parity."

The mint institutions have always received deposits of any gold suitable for mint operations (with certain minimum quantity limitations) including newly-mined domestic gold, for coinage and return to the depositor. (Act of April 2, 1792, 1 Stat. 246). In 1852 provision was made for the conversion of gold in the form of

lumps or grains into fine bars for return to the depositor, at his expense. This provision was extended to all types of gold and to silver by the Act of February 21, 1853 (10 Stat. 160), which also provided that the subsidiary silver coins established by that Act might be exchanged at face value for gold coins.

The Acts of March 3, 1863 (12 Stat. 770, 771) and June 8, 1878 (20 Stat. 102) authorized the issuance of gold certificates in exchange for gold bullion. The exchange by the mints of gold bullion for gold coins, in amounts of \$5,000 was authorized by the Act of May 26, 1882 (22 Stat. 97).

Immediately prior to the passage of the gold legislation and the issuance of the orders of 1933 and 1934, therefore, any form of gold, suitable for mint operations and with certain quantity limitations, was received at the mint and in return the depositor was given gold coins, gold bullion, gold certificates, or if he so desired a check on the Treasurer, which could be cashed in gold coin or certificates, in return for his gold. Anyone could also obtain from a mint gold bullion, in quantity, in exchange for either gold coin or gold certificates.

The Secretary of the Treasury has had authority to sell gold since the Joint Resolution of March 17, 1864 (13 Stat. 404). The provision of § 9 of the Gold Reserve Act authorizing the Secretary of the Treasury to sell gold is substantially a continuation, with some enlargement, of that authority.

Not only were the mints authorized by law to carry out transactions in newly-mined gold during the period

before 1933, but it appears that they did actually engage in a large volume of such transactions. The following table taken from the Annual Report of the Director of the Mint for 1930 (pp. 38 and 66) shows estimated domestic gold production and deposits at the mints of gold from domestic sources for representative years between 1873 and 1930:

Calendar years	Domestic gold production	Domestic deposits including refinery product from foreign ores
1873-1875	\$102,958,800	\$ 92,871,083
1901-1905	400,903,800	473,430,015
1925	49,860,200	78,677,633
1926	48,269,600	72,415,516
1927	45,418,600	72,580,338
1928	46,165,400	68,669,228
1929	45,651,400	66,980,739

With respect to issues of gold by the Treasury for use in industry, the Annual Report of the Director of the Mint for 1930 said (at page 38):

“Among the purveyors of gold and silver for use in the industrial arts of the United States, the United States assay office at New York and the mint at Philadelphia hold the foremost places; consequently the material consumed in the arts is brought under Government notice and is a matter of public record.”

To the same effect, also see Annual Reports of 1915, p. 248; 1921, p. 61; 1926, p. 35; 1927, p. 34; 1928, p. 40; and 1929, p. 38.

The following table from pages 39 and 131 of the Annual Report of the Director of the Mint for 1930 gives the amounts so furnished by the mints during

representative years between 1914 and 1928 together with the totals of such gold issued from all sources during these years:

Calendar Year	Issued by Mints (millions)	Total Issued (millions)
1915	\$31.9	\$36.1
1920	71.4	79.7
1925	56.2	61.2
1926	56.5	63.0
1927	51.6	56.8
1928	50.1	56.6

These figures were submitted to the District Court unchallenged by appellant. Thus, prior to 1933, the mints dealt in newly-mined gold and issued gold which was used in industry and the arts. Although no regulations were imposed on private trading in gold or melting and treating it during this period, the mints were, in fact, the main sources in the United States of gold used in industry, profession or art. The reasons for this and the reasons why a market for gold with a fluctuating price or one which differs from the official mint price does not develop under a gold coin standard such as the United States maintained before 1933 were explained by Frederick A. Bradford, Professor of Economics, Lehigh University, in *Money and Banking*, 4th ed., Longmans Green & Co., New York, 1937, pp. 23-24:

“To maintain a gold coin standard the government must accept gold freely at the mint for coinage in unlimited quantities, the gold coins being returned to the parties who have brought the gold to the mint. Since the amount of gold contained in a coin of a given denomination is fixed by law, the free coinage of gold by the mint sets a lower limit on the price of gold as no one would sell gold

in the market for less than the amount of gold coins which could be obtained at the mint." (p. 23)

\* \* \* \*

"The second requirement of the gold coin standard is that there shall be no restriction on the melting of gold coin for non-monetary uses or for export to foreign countries. If this requirement is adhered to, the upper and lower limits of the price of gold will be identical and the price of the metal will then be absolutely fixed. The reason for this is that no one will give more for gold than can be obtained by melting gold coin. To refer to the previous illustration, if \$20 in gold coin can be turned into an ounce of gold bullion by melting, naturally no one will be inclined to give more than \$20 per ounce for gold in the market. There may be a slight discrepancy since the melting of the coin contains an element of expense, but it will not be great." (p. 24)

The late Edwin Walter Kemmerer, Professor Emeritus of Economics, Princeton University, made the same observations with respect to the operation of the gold coin standard in the United States prior to 1933,\* *Gold and the Gold Standard*, McGraw Hill, New York, 1944, p. 103:

"The unit of value, as we have seen, was the gold dollar containing 23.22 grains of pure gold. Inasmuch as there are 480 grains of gold in an ounce, an ounce of gold could be coined into \$20.67 of United States gold coin. Since we had free coinage of gold, anyone could take pure gold bul-

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\* During the period before 1933, convertibility of the currency into gold was in effect in the United States except for suspensions during periods of serious wars, namely, the Civil War and World War I. (Chandler, *The Economics of Money and Banking*, pp. 108-128; Kemmerer, *Gold and the Gold Standard*, pp. 83, 86, 108).

lion in any quantity to an American mint and have it minted into gold coin, receiving for each ounce \$20.67 (less certain petty charges for assaying, refining, partage, etc.), while anyone melting down American gold coins of full weight could get an ounce of pure gold out of every \$20.67 worth of gold coin melted. Thus in the United States at that time, to say that an ounce of gold was worth \$20.67 was like saying that a foot was 12 inches long; \$20.67 was, in reality, an ounce of pure gold put up in the form of money."

Internal redemption of the currency into gold was terminated and restrictions were placed on private transactions in gold by several measures taken in 1933 and 1934 culminating in the Gold Reserve Act of 1934 (31 USC 440). By several Executive Orders (6102, April 5, 1933; 6111, April 20, 1933; 6260, August 28, 1933) issued under the authority of the Act of March 9, 1933 (48 Stat. 1), the hoarding of gold was prohibited and gold coin, gold bullion, and gold certificates were required to be delivered to the United States for redemption at face amount or on the basis of \$20.67 per fine troy ounce of gold. The Secretary of the Treasury was empowered to issue regulations and licenses for the acquisition, holding, etc. of gold. An Order of the Secretary of the Treasury, issued on December 28, 1933 pursuant to § 2 of the Act of March 9, 1933, also required the delivery to the United States of gold coin, gold bullion, and gold certificates.

For a brief period a government handling program for newly-mined domestic gold was in effect. Executive Order 6261, August 29, 1933, authorized the Secretary of the Treasury to receive such gold on consignment for



export or for sale to persons licensed to acquire gold for use in industry. Sales were to be made at a price equal to that obtainable in the free gold markets of the world. Such treatment for newly-mined gold was continued by Executive Order No. 6359, October 25, 1933. However, those provisions applied only to newly-mined gold from domestic sources which had been melted or treated subsequently to August 28, 1933. Newly-mined gold so produced before that date was required to be delivered to the government for payment at the rate of \$20.67 per fine troy ounce. *Alaska Juneau Gold Mining Co. v. U. S.* (1941), 94 Ct. Cls. 15. The following excerpt from the President's Radio Message of October 22, 1933, quoted in Bradford, *Money and Banking*, pp. 83-84, shows that the theory of this program very definitely assumed that the price of newly-mined gold affected the value of money:

"Because of conditions in this country and because of events beyond our control in other parts of the world, it becomes increasingly important to develop and apply further measures which may be necessary from time to time to control the gold value of our own dollar at home.

"Our dollar is now altogether too greatly influenced by the accidents of international trade, by the internal policies of other nations and by political disturbance in other continents.

"Therefore the United States must take firmly in its own hands the control of the gold value of our dollar. This is necessary in order to prevent dollar disturbances from swinging us away from our ultimate goal, namely, the continued recovery of our commodity prices.

"As a further effective means to this end, I am going to establish a government market for gold in

the United States. Therefore, under the clearly defined authority of existing law, I am authorizing the Reconstruction Finance Corporation to buy gold newly-mined in the United States at prices to be determined from time to time after consultation with the Secretary of the Treasury and the President. Whenever necessary to the end in view, we shall also buy or sell gold in the world market.

"My aim in taking this step is to establish and maintain continuous control.

"This is a policy and not an expedient.

"It is not to be used merely to offset a temporary fall in prices. We are thus continuing to move toward a managed currency . . ." (pp. 83, 84).

Bradford, at page 83, described this program as precedent to the later devaluation of the traditional dollar unit.

With the enactment of the Gold Reserve Act of January 30, 1934, the issuance of the Provisional Regulations, and the President's Proclamation of January 31, 1934, devaluing the dollar (48 Stat. 1730), a new mint price for gold was established except in relation to gold bullion and gold coins which had been required to be delivered under the 1933 Orders. [The Instructions of the Secretary of the Treasury of January 17, 1934 continued in effect the \$20.67 price for such gold. The policy of having a special arrangement for the disposition of newly-mined gold was then terminated. (Annual Report of the Secretary of the Treasury, 1934, pp. 119, 120, 204, 205.)] Lester V. Chandler, Professor of Economics, Princeton University, in *The Economics of Money and Banking*, cited above, described at pages 156-158, the changes effected in the monetary system by the Gold Reserve Act of 1934:

"From early March, 1933, until the end of January, 1934, the United States was unquestionably off the gold standard. Not only did the government refuse to redeem its money in gold either for domestic holding or for export, but it required the turning in of virtually all gold coin, gold bullion, and gold certificates except rare coins and 'reasonable amounts' for industrial or artistic uses. The country returned to gold on January 30, 1934, but the new gold standard differed greatly from that prevailing before March, 1933. The principal provisions of the Gold Reserve Act of 1934 were as follows:

"1. The President was authorized to fix the gold value of the dollar, with the limitation that it might not be fixed at less than 50 percent or more than 60 percent of the old amount. Thus, the President at his discretion could define the dollar as not more than 13.93 grains and not less than 11.61 grains; the price of gold could not be set below \$34.45 (the level reached by January under the gold-buying program) or above \$41.34 an ounce.

Acting under this power, the President on January 31, 1934, fixed the price of gold at \$35 an ounce, though he expressly reserved the right to alter the price as the country's interest might require.\* Actually, however, the price has remained unchanged at this level. The gold content of the new dollar is 13.71 grains, representing a reduction of 40.94 percent. . . .

"2. All gold was 'nationalized.' Banks and individuals had already been required to turn in all gold and gold certificates, except for certain permitted amounts of gold, to the government or the Federal Reserve banks.

"The law provides that title to gold in the Federal Reserve banks shall be vested in the government and that any profits or losses accru-

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\* The President's power to further alter the gold content of the dollar expired on June 30, 1945 (57 Stat. 68).

ing from increases or decreases in the price of gold shall be for government account. The Federal Reserve may, however, hold gold certificates. No currency of the United States is to be redeemed in gold, except that gold certificates held by the Federal Reserve banks may be redeemed in gold to the extent that the Secretary of the Treasury judges necessary.

- "3. No more gold is to be coined (unless for foreign use) and existing coins are to be formed into bars.
- "4. No one may hold, transport, import, export, or otherwise deal in gold except under regulations to be prescribed by the Secretary of the Treasury with the approval of the President." (pp. 156, 157)

The Provisional Regulations issued on January 31, 1934 under the Gold Reserve Act of 1934 appear at page 67 of the Hearings before the Senate Committee on Banking and Currency, Seventy-third Congress, Second Session, on S. 2366 (Gold Reserve Act) and thus were before Congress when the Gold Reserve Act was passed. These regulations established a system for the regulation of gold in the United States which, with only minor alterations, has been continuously in effect until the present day. § 12 of such regulations contained an absolute prohibition on all dealing in gold except as expressly authorized in the regulations or licenses issued hereunder. § 19 permitted the acquisition and possession of gold in its natural state without a license. However, the melting or treating of such gold required a license. The provisions governing purchases of gold by the mints were also similar to those in the Gold Regulations now in effect. Under §§ 38 and 42, the mints were author-

ized to purchase gold recovered from natural deposits in the United States or places subject to its jurisdiction at the price of \$35 per fine troy ounce, less  $\frac{1}{4}$  of 1% handling charge. Under §§ 43 and 44 of the Regulations the mints were authorized to sell gold to persons licensed to acquire gold for use in industry, profession or art at the price of \$35 per fine troy ounce, plus the handling charge. As pointed out in the above quotation from Chandler, *The Economics of Money and Banking*, this \$35 price is the equivalent of the gold content of the dollar announced in the Presidential Proclamation of January 31, 1934, i.e., 15-5/21 grains of gold 9/10ths fine or 13.71 grains of pure gold. The gold dollar as defined in this Presidential Proclamation is the standard unit of value in the United States today (31 USC 314). The Federal Reserve banks are required by statute to maintain reserves of 25 per cent in gold certificates (issued against gold at its statutory value of \$35 per fine troy ounce) against their deposits and notes in actual circulation (12 USC 413).

## **II. The Regulation of Newly-Mined Gold in the United States Is Authorized by §§ 3 and 4 of the Gold Reserve Act of 1934.**

Appellee is responsible for enforcing in his territory, Regulations issued by the Secretary of the Treasury under § 3 of the Gold Reserve Act of 1934 (31 USC 442). This section provides in part:

“The Secretary of the Treasury shall, by regulations issued hereunder, with the approval of the President, prescribe the conditions under which gold may be acquired and held, transported, melted



or treated, imported, exported, or earmarked: (a) for industrial, professional, and artistic use; (b) by the Federal Reserve banks and for the purpose of settling international balances; and, (c) for such other purposes as in his judgment are not inconsistent with the purposes of [this Act.] Gold in any form may be acquired, transported, melted or treated, imported, exported, or earmarked or held in custody for foreign or domestic account (except on behalf of the United States) only to the extent permitted by, and subject to the conditions prescribed in, or pursuant to, such regulations.”\*

§ 4 of the Gold Reserve Act provides for forfeiture of any gold withheld, acquired, transported, melted or treated, etc., in violation of any Regulations issued pursuant to the Act and, in addition, a penalty equal to twice the value of any gold with respect to which any such violation as occurred may be imposed upon any person failing to comply with the Act or Regulations or licenses issued thereunder.

It is the contention of the appellant that these provisions do not apply to newly-mined gold or gold produced after the date of the Gold Reserve Act (Appellant’s Op. Br., p. 55), that the legislative history of the Act and its expressed purposes—“to provide for the better use of the monetary gold stock of the United States . . . ,” show congressional purpose to exclude from the scope of the prescribed regulations newly-mined gold produced in the United States or any gold not in

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\* The President’s authority, with respect to the approval of Regulations issued under § 3, was delegated to the Secretary of the Treasury in § 2(b) of E.O. No. 10289, Sept. 17, 1951 (16 FR 9501).



existence on the date of passage of the Gold Reserve Act of 1934.

This contention cannot be supported. A reading of the Act and its stated purposes as well as its legislative history, both at the time of enactment and subsequently, shows that Congress intended that it would apply to newly-mined gold as fully as to other gold. In the first place, §§ 3 and 4 of the Act apply to "gold" and "gold in any form"; there is no exception for newly-mined gold. Where possible, words in a statute are to be construed in their ordinary, everyday sense. *Brownder v. U. S.* (1940), 312 U.S. 335; *Crane v. Commr. of Int. Rev.* (1947), 331 U.S. 1. It cannot be successfully contended that the ordinary, everyday definition of "gold" and "gold in any form" does not include newly-mined gold from sources in the United States.

The history of the Gold Reserve Act indicates congressional purpose that "gold" and "gold in any form" include newly-mined gold produced subsequent to the date of the Act. As pointed out above, the then proposed regulations which expressly applied to newly-mined gold in the same manner as the present Gold Regulations, were placed in the record at the Hearings of the Senate Committee on Banking and Currency on the Gold Reserve Act and thus were before Congress at the time of enactment of the bill.

More broadly, it must not be forgotten that a major economic problem facing the country with which the Gold Reserve Act was intended to help deal was a large and rapid increase in the purchasing power of the dollar

or, stated otherwise, the decline in the price level. Chandler, in *The Economics of Money and Banking*, pp. 147-149, describes the period as "one of devastating deflation and widespread economic distress. By early 1933 the nation's money supply had fallen nearly 25% below 1929 levels; . . . the national income had fallen by more than 50% in terms of money and more than 25% in real terms; wholesale prices had fallen more than 30%; upward of 15 million persons were wholly unemployed or working only part time; . . .". With respect to the relation of the dollar and foreign currencies, Chandler states that by February 1933 foreign currencies had fallen drastically in value relative to both gold and the dollar and that this decline in the price of foreign money tended to accentuate deflation here. The over-valuation of the dollar in the exchange market was a significant factor in depressing the prices of our export goods which had to compete with the products of countries with depreciated currencies. It also tended to reduce the prices of American products that competed with imports.

Chandler further states (p. 148) that the objectives of our monetary policy in 1933, as defined by the President, were two-fold—an increase in the price level and, after restoration of a fairer price level, the stabilization of the purchasing power of money.

The express purpose of the Gold Reserve Act was not only to provide for a better use of the gold stock but to protect the currency system of the United States. The first purpose could be achieved in part by calling

in from the banks and from private individuals the monetary gold then outstanding and centralizing it under control of the Treasury. However, as is evident from the legislative history of the Act, to fully achieve both of the expressed purposes required a program having future operation which would not only protect and increase the centralized gold reserves but would assure their constant value in terms of the dollar and, conversely, would assure a stable value of the dollar in terms of gold. The President's message to Congress of January 15, 1934 (Hearings before the Senate Committee on Banking and Currency on S. 2366, 73rd Cong., 2d Sess., p. 6) stated the following concerning the relationship between gold and currency:

“To the Congress:

“In conformity with the progress we are making in restoring a fairer price level and with our purpose of arriving eventually at a less variable purchasing power for the dollar, I ask the Congress for certain additional legislation to improve our financial and monetary system. By making clear that we are establishing permanent metallic reserves in the possession and ownership of the Federal Government, we can organize a currency system which will be both sound and adequate.

“The issuance and control of the medium of exchange which we call ‘money’ is a high prerogative of government. It has been such for many centuries. Because they are scarce, because they could readily be subdivided and transported, gold and silver have been used either for money or as a basis for forms of money which in themselves had only nominal intrinsic value.

“In pure theory, of course, a government could issue mere tokens to serve as money—tokens which

would be accepted at their face value if it were certain that the amount of these tokens were permanently limited and confined to the total amount necessary for the daily cash needs of the community. Because this assurance could not always or sufficiently be given, governments have found that reserves or bases of gold and silver behind their paper or token currency added stability to their financial systems."

The Committee on Coinage, Weights and Measures, House of Representatives, in its report on the Gold Reserve Act, stated as follows with regard to the relationship of the provisions of the bill to the ends sought to be achieved, restoration of a fairer price level, the eventual arrival at a less variable dollar, and the improvement of the financial and monetary system (House Report 292, 73d Cong., 2d Sess., p. 2):

"This bill is designed to enable the administration to restore a fairer price level, *to arrive eventually at a less variable dollar* and to improve our financial and monetary system. It gives the United States Treasury possession of all the monetary gold stock in the United States, part of which now rests in private or quasi-private control. In this way the Government gains complete control over this metal and at the same time provides a permanent metallic reserve upon which to build a currency system which will be both sound and adequate in the future. The import of this may be appraised in the realization that all authorities seem to agree that the salvation of the country lies in our ability to control our price level. All commodities are measured in gold, hence the first step in our control must be the acquisition of gold stocks. The bill, therefore, transfers to the United States all gold now held by the Federal Reserve bank and pays for it in gold certificates. These gold certificates are to be used by the Federal Reserve bank as a substi-

tute for their present gold stocks in issuing currency. *In order to protect the Government's power over gold, the bill gives it the right to regulate the acquisition, transportation, etc., of the metal, and to further the Government's position, provisions are made for the forfeiture of gold withheld or acquired in violation of this act.* In addition the gold supply is further protected by alterations in the former method of redemption. The gold coin which was a part of the older system will now be withdrawn from circulation and melted into bars for use in adjusting the balance of foreign trade." [Emphasis supplied.]

Accordingly, it does not appear that the legislative history of the Act or its purposes indicate that there was any intention whatsoever to exclude from the scope of the Act newly-mined gold or gold coming into existence after its enactment. The cited quotations from the legislative history of the Act certainly demonstrate the Executive and congressional view that gold affects the value of money. The President's message and the report of the House Committee which considered the bill point out clearly that its purpose was to deal with a declining price level. In addition to centralizing the gold reserves, the measures authorized by the Gold Reserve Act were intended to increase the supply of money by broadening the currency and credit base. The legislative history also shows that after a fairer price level had been restored through these measures, a prime object of the monetary policy established by the Gold Reserve Act was the future maintenance of a stable dollar which was again to be a constant unit in terms of gold.

It has been shown that prior to 1933, when the



country was on a gold coin standard, the price of gold, including newly-mined gold, was maintained automatically at the gold parity of the dollar and that during this period the Treasury conducted a large volume of business both in receiving new gold production and products of domestic refineries and in furnishing gold to industry and art. Thus it cannot be argued that there ever was any tradition with respect to separate treatment of gold used in industry and gold used as money. In fact, newly-mined gold was the vehicle through which dollar devaluation was first attempted in 1933. The Gold Reserve Act instituted a new policy in that prior to its enactment the parity of the dollar and gold had been maintained through gold coinage and redemptions by the government. Under the Gold Reserve Act, such parity has been maintained through purchases and sales by the government at the official price. In order to protect the gold stocks which constitute the basis for our currency and credit from withdrawals for hoarding purposes and to prevent fluctuating prices for gold in terms of the dollar, regulations have been imposed generally limiting the possession, melting and treating, etc. of gold to persons regularly engaged in an industry, profession, or art which requires gold. It would appear that this application is entirely consistent with the expressed purposes of the Gold Reserve Act and with the purposes appearing in its legislative history.

This application of the Gold Reserve Act has been in effect through Treasury Regulations, with only minor alterations, continuously since January 31, 1934. Thus it represents an administrative interpretation of 24



years' standing and as such is entitled to great weight in the courts. *Bowles v. Wheeler*, 9 Cir. 1945, 152 F.2d 34.

Subsequent legislative history of proposals which would have amended the Gold Reserve Act to exempt newly-mined gold from its operation presents a particularly strong case in which it can be said that the administrative interpretation and application of a congressional enactment, i.e., the Gold Reserve Act of 1934, has been accepted by the Congress to be the correct one.

In *Fahey et al v. O'Melveny & Myers et al*, 9 Cir. 1952, 200 F.2d 420, the court considered a question of interpretation of the Home Loan Bank Act involving the issue of whether administrative orders of the Home Loan Board were within the purview of the Administrative Procedure Act and subject to judicial review thereunder. Weight was given by the court to the failure of Congress to amend the Home Loan Bank Act to make provision for such review under circumstances where strong and continuing efforts had been made to secure an amendment. The court said, at p. 480:

" . . . courts should not feel free to overlook or minimize the significance of the continuing refusal of Congress to amend the Home Loan Bank Act (or its seeming indifference to demands for changes in the law) after complaints had been so thoroughly and vigorously publicized through official channels."

In *Madden v. Brotherhood & Union of Transit Employees of Baltimore*, 4 Cir. 1945, 147 F.2d 439, the court, in interpreting the National Labor Relations Act, gave weight to the failure of Congress to enact legisla-

tion amending the Act after full hearings had been held on such amendments in which an NLRB witness had opposed the proposed amendments.

Since 1946, a number of bills have been introduced into the Congress which had as their sole purpose the liberalizing of restrictions on transactions in newly-mined gold in the United States. All of these bills would have removed all restrictions on trading in such gold in the United States, melting, treating it, etc. Some, such as S. 1775 and H.R. 625, 85th Cong., 1st Sess., would have also permitted the export of such gold, would have allowed imports of newly-mined gold, and would have prohibited Treasury sales of gold for industrial use or in any free market for the purpose of depressing the price. Following is a list of such bills:

*80th Congress—2nd Session*

S. 2583	94 Cong. Rec. 4927
S. 2862	" " " 8078
H.R. 5530	" " " 1657
H.R. 6366	" " " 5026

*81st Congress—1st Session*

S. 13	95 Cong. Rec. 38
S. 286	" " " 109
H.R. 67	" " " 15
H.R. 387	" " " 21
H.R. 3262	" " " 1957

*82nd Congress—1st Session*

S. 13	97 Cong. Rec. 86
H.R. 2864	" " " 1552

*2nd Session*

H.R. 5965	98 Cong. Rec. 107
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*83rd Congress—1st Session*

S. 2364	99 Cong. Rec. 8580
S. 13	" " " 153

H.R. 125	"	"	"	55
H.R. 6156	"	"	"	8264
<i>2nd Session</i>				
S. 3222	100	Cong.	Rec.	4040
H.R. 6912	"	"	"	20
<i>84th Congress—1st Session</i>				
S. 515	101	Cong.	Rec.	446
H.R. 606	"	"	"	43
H.R. 661	"	"	"	44
H.R. 2454	"	"	"	430
<i>2nd Session</i>				
H.R. 9916	102	Cong.	Rec.	4652
<i>85th Congress—1st Session</i>				
S. 325	103	Cong.	Rec.	239
S. 1775	"	"	"	4304
H.R. 375	"	"	"	68
H.R. 2132	"	"	"	306
H.R. 625	"	"	"	188
H.R. 2400	"	"	"	412
H.R. 3800	"	"	"	938
H.R. 9433	"	"	"	14476
<i>2nd Session</i>				
S. 2951	104	Cong.	Rec.	113

Thus, over a period of 12 years, numerous bills to remove restrictions on dealings in newly-mined gold have been pending in Congress, and to date Congress has not passed one.

Aside from the many bills introduced into Congress for establishing a free market in gold, the matter has been raised in several congressional hearings including the Hearings of the Subcommittee on Monetary, Credit and Fiscal Policies of the Joint Committee on the Economic Report, 81st Cong., 1st Sess., 1949, pp. 552-570, and "Investigation of the Financial Condition of the United States," Hearings before the Senate Finance

Committee, 85th Cong., 1st Sess., 1957, Part I, pp. 486-488, 520-522. In addition, in 1954, hearings entitled "Gold Reserve Act Amendments" were held by a Subcommittee of the Senate Committee on Banking and Currency, 83rd Congress, 2d Sess., on S. 13, S. 2332, S. 2364, and S. 2514, "To permit the sale of gold, to resume the redemption of gold, to permit the free marketing of newly mined gold, to establish a sound monetary system and for other purposes." A copy of the record of these hearings was attached to a memorandum submitted by appellee to the District Court substantially identical to this discussion and is so voluminous that it was not reproduced, though designated by appellee as part of the record on appeal. Attention is invited to it as an exhibit in this cause. At the hearings all of the proposals under consideration for amending the Gold Reserve Act were opposed by witnesses from the Treasury and the Board of Governors of the Federal Reserve System (pp. 16-32, 39-41). Other witnesses, such as Delegate Bartlett (p. 90) and Senator McCarran (p. 139) testified in favor of S. 13 (p. 1) which would have instituted a free gold market. Supporters of S. 2332 (pp. 2-4), which would have restored internal redemption of the currency into gold at the present parity of gold and the dollar, included Senator Bridges (p. 10), Professor Donald L. Kemmerer (p. 293), Professor Bell (p. 94), and Dr. Harwood (p. 303). It should be noted that these witnesses opposed any type of proposal for removing restrictions on gold transactions in the United States without at the same time instituting full gold redemption to assure main-

tenance of all forms of currency at parity with gold or, stated otherwise, to assure maintenance of a \$35 price for gold by the Treasury in a situation where dealings in gold would be unrestricted. Others, including Representative Young (p. 63), favored a free gold market as a step toward arriving at a new parity between gold and the dollar and instituting a redeemable gold standard based on this parity.

None of these proposed bills was enacted after these hearings nor was a report issued by the Subcommittee. Under such circumstances, it would not appear that there exists in Congress any belief that the Secretary of the Treasury is usurping power by regulating newly-mined gold under § 3 of the Gold Reserve Act in order to maintain the dollar at parity with gold.

In addition, the importance which the Congress attaches to the maintenance of the gold parity of the dollar is manifested by the fact that § 5 of the Bretton Woods Agreements Act of 1945 (22 USC 286) provides that neither the President nor any other person or agency shall propose to the International Monetary Fund any change in the par value of the dollar, approve any change in such par value, or approve any general change in par values unless Congress by law authorizes such action. The United States, as required by Article IV, § 1, of the IMF Articles of Agreement, has expressed a par value of the dollar equal to 15-5/21 grains of gold 9/10ths fine. Further, under Article IV, § 2, the United States has an obligation to the IMF not to buy gold at a price above par value plus a prescribed margin

or sell gold at a price below par value minus the prescribed margin. The IMF has 65 members.

Accordingly, there is no doubt that the Gold Reserve Act of 1934 and the delegation of authority to the Secretary of the Treasury, contained in § 3 thereof, to regulate transactions in gold, apply to gold mined from domestic sources subsequently to the date of enactment of the Gold Reserve Act as fully as to other gold.

This is clear from a reading of the Act and from its purposes and legislative history. It is also made clear by the fact that after the introduction into the past ten sessions of Congress of numerous bills to terminate the application of the Act and regulations to newly-mined domestic gold and thorough publicity given to these proposals, Congress has not, to date, passed any such amendatory legislation.

### **III. The Gold Regulations of the Secretary of the Treasury Bear a Reasonable Relationship to the Monetary Policy Established by Congress in the Gold Reserve Act of 1934 and to the Constitutional Authority of Congress Over Revenue, Finance and Currency.**

The Supreme Court has affirmed the broad and comprehensive authority of Congress in these fields in *Knox v. Lee* (1870), 12 Wall. 457; *Julliard v. Greenman* (1884), 110 U.S. 421; *Ling Su Fan v. U.S.* (1910), 218 U.S. 302; *Norman v. B. & O. R.R. Co.* (1935), 294 U.S. 240; *Nortz v. U.S.* (1935), 294 U.S. 317; and *Perry v. U.S.* (1935), 294 U.S. 330. In *Norman v. B. & O. R.R. Co.*, *supra*, the Supreme Court defined the limitations



on its jurisdiction to inquire into the exercise of such powers by Congress (at p. 311):

“Despite the wide range of the discussion at the bar and the earnestness with which the arguments against the validity of the Joint Resolution have been pressed, these contentions necessarily are brought, under the dominant principles to which we have referred, to a single and narrow point. That point is whether the gold clauses do constitute an actual interference with the monetary policy of the Congress in the light of its broad power to determine that policy. Whether they may be deemed to be such an interference depends upon an appraisal of economic conditions and upon determinations of questions of fact. With respect to those conditions and determinations, the Congress is entitled to its own judgment. We may inquire whether its action is arbitrary or capricious, that is, whether it has reasonable relation to a legitimate end. If it is an appropriate means to such an end, the decisions of the Congress as to the degree of the necessity for the adoption of that means, is final.”

The Supreme Court has also held on many occasions that the courts are not at liberty to disturb administrative regulations made as authorized in an act of Congress except upon a showing that such regulations are unreasonable, arbitrary, capricious, not in accordance with law, or for some other reason amounting to a lack of power. *Board of Trade of Kansas City v. U.S.* (1942), 314 U.S. 534; *National Broadcasting Co., Inc. v. U. S.* (1943), 319 U.S. 190; *Chicago, Rock Island & Pacific Railway Co. v. U. S.* (1931), 284 U.S. 80.

The Gold Regulations were issued under § 3 of the Gold Reserve Act of 1934 which provides for the issu-

ance of regulations by the Secretary of the Treasury prescribing the conditions under which gold may be acquired, etc. "(a) for industrial, professional and artistic use; (b) by the Federal Reserve Banks for the purpose of settling international balances; and (c) for such other purposes as in his judgment are not inconsistent with the purposes of this Act." The constitutionality of this provision has been upheld against the contention that it constituted an unlawful delegation of legislative power in *Uebersee Finanz Korporation, etc. v. Rosen*, 2 Cir. 1936, 83 F.2d 225, cert. den. 298 U.S. 679. With respect to the regulation by the Secretary of the Treasury of newly-mined gold under such Act, it would appear that appellant is complaining about the failure of the Secretary to exercise any discretion he might possess under (a) and (c) of § 3 to allow the free trading in and treating and melting, etc., of newly-mined gold in the United States and its export, i.e., to exempt this type of gold from the provisions of the Gold Regulations on the basis of a finding that the existence of an unrestricted market for such gold in the United States would not be inconsistent with the purposes of the Gold Reserve Act.

The basis upon which Congress acted in enacting the Gold Reserve Act of 1934 and the monetary policies established by that Act are dealt with in II above. It is believed that the Supreme Court has long since disposed of any constitutional objections to the exercise by Congress of extensive authority over gold.

The source of congressional power to regulate the price and sale of newly-mined gold under the Gold

Reserve Act of 1934 (48 Stat. 337, codified in scattered sections of Title 12 and Title 31 of the United States Code) has been held to be conferred by the United States Constitution, Article I, Section 8, Clause 5, 18, "to coin money, regulate the value thereof" and "to make all laws which shall be necessary and proper for carrying into execution the foregoing powers." Questions raised by the appellant as to the scope of this power and as to the competency of the Congress to delegate to the President and the Secretary of the Treasury, broad regulatory powers in this field are no longer open. *Perry v. U. S. supra*; *Legal Tender Cases* (1870), 12 Wall. 457; *Raffino v. U. S.*, 9 Cir. 1940, 114 F.2d 696; *U. S. v. 71.41 Ounces Gold-Filled Scrap*, 2 Cir. 1938, 94 F.2d 17; *Uebersee Finanz Korp. v. Rosen, supra*; *Alaska Juneau Gold Mining Co. v. U. S. supra*; and see *Woods v. Cloyd W. Miller Co.* (1948), 333 U.S. 138; *Bowles v. Willingham* (1944), 321 U.S. 489 at 517; *Hamilton v. Kentucky Distilleries Co.* (1919), 251 U.S. 146; *Farber v. U. S.*, 9 Cir. 1940, 114 F.2d 5, cert. den. (1940), 311 U.S. 706.

Gold is one of the important factors determining the value and supply of money in the United States today. By virtue of the statutory requirement set forth in 12 USC 413, the Federal Reserve banks hold gold certificates equal to at least 25% of their note and deposit liabilities. Since these certificates are issued against gold held by the Treasury, the gold stock of the United States in the Treasury serves as an ultimate limitation on the total supply of Federal Reserve credit, and thus ultimately of the supply of money and credit

in the United States since the commercial banks are also required to hold reserves in the form of deposits with the Federal Reserve banks against their own deposit liabilities (12 USC 462).

It is the policy of the U. S. Government to buy and sell gold in transactions with the governments and central banks of foreign countries for the settlement of international balances and other legitimate monetary purposes at the official price of \$35 per fine troy ounce (exclusive of handling charges). (Statement of W. Randolph Burgess, Deputy to the Secretary of the Treasury, Hearings of a Subcommittee of the Senate Committee on Banking and Currency on Gold Reserve Act Amendments, 83d Cong., 2d Sess., 1954, p. 17.) Gold accordingly may be purchased from the United States by the monetary authorities of other countries to settle their balances with each other against payment for the gold in dollars and conversely they may settle balances with the United States by obtaining dollars through the sale of gold to the Treasury. In more technical terms, the United States is maintaining an international gold bullion standard, which sets the exchange value of the dollar in terms of gold.

Evidence of the importance of the willingness of the United States to buy and sell gold at a fixed price in transactions with foreign governments and central banks is the fact that this practice is deemed to fulfill an obligation undertaken by the United States in its acceptance of the Articles of Agreement of the International Monetary Fund to permit exchange trans-

actions within the margin of parity established by the Fund. Article IV, § 4, of the Articles of Agreement of the International Monetary Fund imposes a requirement that members permit within their territories exchange transactions with currencies of other members only within a certain margin from par value for their currencies declared to the Fund. Article IV, § 4 of the Fund Agreement provides that a member which in fact freely buys and sells gold for the settlement of international transactions within the margins established by the Fund is deemed to be fulfilling the obligation of this section. In this way the U. S. is not required to intervene in the market to maintain the parities of other currencies with the dollar except by the device of buying and selling gold in exchange for dollars.

The Treasury's views on all phases of the Gold Regulations and its justification for such regulations were fully set forth on May 29, 1954 at the Hearing on Gold Reserve Act Amendments held by the Subcommittee on Federal Reserve Matters of the Senate Committee on Banking and Currency, by Mr. W. Randolph Burgess, who was at that time Deputy to the Secretary of the Treasury. A copy of these hearings is attached as an exhibit to the memorandum hereinbefore referred to as part of the designated record, and attention of this court is invited thereto, and Mr. Burgess' testimony appears at pages 16-32. He testified as follows regarding the relationship between the dollar and gold and the effect of a free gold market on the currency:

"It has been said sometimes that the gold in Fort Knox and other mint institutions is idle and



useless. Nothing could be less true. This gold is the legal reserve of the Federal Reserve System against its deposits and currency in circulation. For 20 years the knowledge all over the world that the United States dollar had back of it this stock of gold coupled with the intention and the assured ability to maintain a constant price of gold, was at least one firm basis for measuring world values. It is a major reason why the dollar can be used everywhere to settle international transactions.

"In summary, this is our present gold policy: We are maintaining an assured ability to support a constant relationship between gold and the dollar—a relationship which is as important to foreign countries as it is to us.

"This continuing and unchanging link is, in fact, the most important part of our policy. It is more important than the redeemability of currency into gold. It is a point of stability in a world which sorely needs a stable basis upon which to build a secure and healthy international economy. [at p. 18]

"Under such a free market there would be two alternatives: Either the United States Government with its \$22 billion in reserves, would stay out of the market, and we would have a gold price that fluctuated up and down depending upon the demand for a relatively small amount of new gold production; or the Government would stand ready to buy and sell gold at the official price to prevent fluctuations. The first alternative would tend in the opposite direction from our ultimate goal—it would be in the direction of more instability instead of more stability. The second alternative would be, in effect, full convertibility of the currency into gold." [at p. 29]

The views expressed by Mr. Burgess have support among bankers, economists and businessmen. Mr.



Allan Sproul, former president of the Federal Reserve Bank of New York, made the following remarks concerning proposals for a free gold market during an Address\* before the Seventy-Fifth Annual Convention of the American Bankers' Association, San Francisco, California, November 2, 1949:

"The third argument—that the miners of gold should be free to sell their product at the best price they can get—is probably the giveaway. It is the argument that gold should be treated as a commodity when you think you can get a higher price for it, and as a monetary metal and an international medium of exchange when you want a floor placed under its price. I would say that you can't have it both ways. If you want the protection of an assured market at a fixed price, because gold is the monetary metal of the country, you should not ask permission to endanger the stability of the monetary standard by selling gold at fluctuating prices (the gold producers hope higher prices) in a fringe free market. Under present conditions, the only real price for gold is the price the United States Treasury is prepared to pay for it. So long as that is the case, there is no sense in a 'make believe' free gold market, in which possible temporary or short-run deviations from the fixed price of the Treasury might have disturbing consequences.

"Nor is the argument that citizens of the United States should have the same privileges as the citizens of other countries, when it comes to holding or trading in gold, at all convincing to me. It is true that in a number of foreign countries the holding of gold by private citizens is legal, and in some foreign countries strictly internal free trading in

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\* This address appears at pp. 448-456, "Monetary, Credit, and Fiscal Policies," Hearings before the Subcommittee on Monetary, Credit and Fiscal Policies of the Joint Committee on the Economic Report, 81st Cong., 1st Sess.

gold is permitted. In many cases, however, this merely represents the shifting around of a certain amount of gold which is already being hoarded in the country, since in practically all of these countries the export and import of gold on private account is either prohibited or subject to license. And, in many countries where gold is produced, some percentage, if not all, of the newly mined gold must be sold to monetary authorities, a requirement which further limits the amounts available for trading and hoarding. These restricted and circumscribed privileges in other countries are no reflection of a loss of inalienable rights by our people. They are attempts by those foreign countries to adjust their rules with respect to gold to their own self-interest and, so far as possible, to the habits of their people, all under the sheltering umbrella of a world gold market and a world gold price maintained by the Treasury of the United States.

"We have deemed it wise to maintain such fixed point of reference, in a disordered world. We have decided by democratic processes and by congressional action, that this policy requires, among other things, that gold should not be available for private use in this country, other than for legitimate industrial, professional, or artistic purposes. We have decided that the place for gold is in the monetary reserves of the country, as a backing for our money supply (currency and demand deposits of banks, and as a means of adjusting international balances) not in the pockets or the hoards of the people. If we want to reverse that decision, the means of reversal are at hand, but it should be a clear cut and a clean cut reversal, restoring convertibility. Providing a dependent free gold market, in which gold miners and a little gold group of speculative traders or frightened gold hoarders (such as those who now take advantage of a provision in the regulations to buy and sell 'gold in the natural state') could carry on their business is not the way to meet the problem."

The Money and Credit Committee of the National Association of Manufacturers, in a pamphlet entitled *The Gold Standard* (April, 1955), expressed doubts about the desirability of a free gold market for reasons similar to those expressed by Mr. Burgess:

" . . . The gold mining industry insists that it is between the millstones of rising costs and a fixed price. But this was equally true under the gold standard regime, for the mint price for gold was not then adjusted periodically to changes of mining cost of operation. [p. 10]

"A point already noted should be repeated here. That is, because of the fact that the gold dollar is, itself, the standard of value in a monetary system based on gold, there would come a time, at whatever level the so-called 'price' of the dollar might be set in terms of gold, when the gold mining industry would experience the same squeeze as it now feels and against which it now rebels. This is a fortuitous condition which inevitably affects those engaged in the production of the metal which is the basis of the nation's monetary system." [p. 11]

In its conclusions on gold, the Committee stated (at p. 23):

"4. Regardless of how the present mint price of \$35 per ounce came to be established, it has prevailed now for 20 years and it has been integrated with the whole vast fabric of prices, wages, incomes, and costs . . .

"5. The establishment of a free gold bullion market is favored by some as a first step toward resumption, and by others who would go no farther than such a market. The huge Treasury stock presents serious problems, however. The current annual output of gold from domestic mines is hardly large enough to constitute the basis of an adequate free market if the Treasury were to remain neutral.

On the other hand, participation of the Treasury in the market could defeat the purpose of the plan because of its dominant position as a holder of, and dealer in, gold."

Thus it has been shown that since the founding of the United States (with brief interruptions in time of serious war) the American dollar has been valued in terms of gold. Prior to 1933, this was achieved through the operation of the gold coin standard. In 1934, the Gold Reserve Act discontinued gold coinage in the United States. Since that time gold has served a dual role in the United States monetary system, that of currency reserves and ultimate limitation on the supply of money and credit and also a means of ultimately settling international transactions. The parity of the dollar with gold has been maintained through government regulation of gold transactions and purchases and sales of gold by the government. The importance of gold in the United States' monetary system is further demonstrated by the fact that pursuant to an authorizing Act of Congress, which provides that the par value of the dollar in terms of gold may not be changed without the consent of Congress, the United States has accepted membership in the International Monetary Fund, an international organization set up for the purpose of stabilizing international rates of exchange, etc. (Preamble, Articles of Agreement, International Monetary Fund).

Under the foregoing circumstances, it is clear that the Gold Regulations have a reasonable basis in relation to the monetary policies of the Gold Reserve Act of 1934 and to the powers of Congress over finance and

the currency and thus, such Regulations cannot be considered unreasonable or arbitrary.

#### **IV. The Power of Congress under Art. 1 § 8 of the Constitution Is not Limited to "Coined Money".**

1. Appellant's view that the power to regulate the value of money granted to Congress in Art. I, § 8 of the Constitution includes only the authority to regulate the value of coin has been rejected by the Supreme Court. In interpreting congressional authority over the currency system, the Supreme Court has held on many occasions that Congress has complete authority to establish a monetary system and determine and regulate the currency of the country. *Knox v. Lee*; *Julliard v. Greenman*; *Norman v. B. & O. R.R. Co.*; *Nortz v. U. S.*; *Perry v. U. S.*, all *supra*.

2. Appellant asserts the proposition that gold is an ordinary commodity and is treated as such by the government. As pointed out by Mr. Burgess at pages 18 and 21 of the Hearing, gold is widely used as a means for the settlement of international balances of payments, and the fact that the United States freely buys and sells gold at a fixed price in dollars in the settlement of such international balances is an important aspect of our monetary policy. Treasury purchases and sales of gold at a fixed price in transactions with foreign governments and central banks fulfill an undertaking of this government under an international agreement to maintain a stable exchange value for the dollar in international transactions.



## **V. Discussion of Appellant's Opening Brief and Case References Not Heretofore Treated.**

Appellant proceeds on the theory that she is entitled to mine gold and sell it at a profit as a commodity and that the action of the Government under the Gold Reserve Act of 1934 and Regulations thereunder have tended to limit such a profit by fixing a price which the government will pay for gold and restricting the commerce therein by licensing regulations. She contends such amounts to a "taking" of her property without just compensation.

The fallacy of appellant's theory is based upon her ignoring the basic problem confronting the owners of mines of the metal, which by its nature and man's appreciation of it historically, has acquired the status of a "precious" metal, giving it the attribute of intrinsic worth which makes it susceptible to the governmental use of tying it to the monetary system of the country. While it is true that the United States is not on a gold standard in the sense that our currency notes are redeemable in gold, nor can gold be coined and circulated domestically with a standard weight and fineness for a given minted coin, there is a requirement, as previously discussed, that the Federal Reserve Banks maintain a gold credit of a portion of their issued notes, which serves to set a standard for the currency. A fluctuating price of gold, in terms of dollars would make such a standard meaningless.

As has been previously mentioned herein, the National Association of Manufacturers, in its pamphlet



*The Gold Standard*, April 1955, points out that because of the fact that the gold dollar is itself the standard of value in a monetary system based on gold (which was the system before the Gold Reserve Act of 1934) there would come a time at whatever level the so-called price of the dollar might be set in terms of gold, when the gold-mining industry would experience the same squeeze as it now feels and against which it now rebels. This is a fortuitous condition which inevitably affects those engaged in the production of the metal which is the basis of the nation's monetary system.

Because the government has not, nor has the appellee herein, who has responsibility for local enforcement of the gold program, subject to the limitation that he can undertake punitive action only through officers of the Department of Justice, physically "taken" anything belonging to the appellant and because appellant has failed to sustain the position that her property has been the subject of a compensable taking by the United States (*Laycock v. U. S.*, *supra*), she has undertaken this oblique attack on the constitutionality of the Regulations by seeking injunction against the Treasury Agent.

In support of her theory of unconstitutionality, appellant relies on decisions or statements for the most part applicable to different conditions of a different time, decided when circulation of gold was not prohibited—cases long since worthy of their place in legal history as evidence of the elasticity of the common law of the land.

Appellant propounds a doctrine of strict constitutional construction and other doctrines long ago rejected and a definition of money which ignores other than coin. She ignores that the term "money" in common understanding connotes a medium of exchange, even though currency, not coin. *In re Missouri-Pacific Ry. Co.*, 7 F. Supp. 1, 10 Cir., E.D. Mo., E.D., 1934, aff. *sub nom Norman v. B. & O. R.R. Co.* (1935), 294 U.S. 240; *Emery Bird Thayer Dry Goods Co. v. Williams*, 8 Cir. 1939, 107 F.2d 965, cert. den. (1940), 309 U.S. 655. Appellant ignores the Gold Cases reported in 294 U.S., *Norman v. B. & O. R.R. Co.*; *Nortz v. U. S.*; and *Perry v. U. S.*, all *supra*. Appellant also ignores the opinion of the Supreme Court which recently reversed the Court of Claims opinion cited by appellant of the *Central Eureka Mining Co. v. U. S.* The Supreme Court decision is *U. S. v. Central Eureka Mining Co.* (1958), 357 U.S. 155.

Appellant contends there is no power of the government to fix the price of gold. As has been previously pointed out, when gold is the basis of the monetary system, whether it be a gold standard or other basis, the price which the government will pay for gold will fix the value thereof because no one will sell gold for less, and if commercial users can obtain gold from the government at such price, they will not pay more. Thus the power to fix the sum to be paid in terms of the unit of value in common exchange for a given weight of a certain fineness of gold will automatically fix the price of that commodity unless the supply available from the government is less than the demand of com-

mercial users. Should the appellant suggest that there are people who would desire the commodity for other than the commercial uses, appellant would emphasize the circumstance which gave rise to the Presidential Proclamations and the Gold Reserve Act. Apart from commercial uses, those seeking gold would ordinarily seek it only as a store of treasure which they otherwise accomplish by the use of the currency or securities or property that they may purchase therewith. If the nation's potential gold supply were withdrawn in this fashion, the currency could be contracted and might ultimately become less acceptable as a measure of stored wealth and ultimately as a medium of exchange, to the disruption of the present monetary system of the country.

Appellant also contends that no statute fixes the price of gold or authorizes any department of the government to do so. Appellee suggests that the Regulations do not fix the price of gold, but fix the price which the United States will pay for it at the mint and therefore has the end effect of fixing price, as have previous government monetary systems. It is also suggested, as hereinbefore discussed, that the Regulations are pursuant to and reasonably related to the constitutional congressional directions with regard to the Secretary of the Treasury's responsibilities to the monetary system. That this is not an unlawful delegation of legislative authority, as contended by the appellant, is established by the case of *Uebersee Finanz Korp., etc. v. Rosen, supra*. See also *U. S. v. O'Toole*, D.C. R.I. 1951, 101 F. Supp. 123. The appellant contends that setting the gold price

deprives her of her property without due process of law and contrary to the Fifth Amendment to the Constitution. The government must, as an incident to the use of gold as a monetary standard, achieve the result of fixing the price of gold. If this is injurious to the appellant, it is a consequential and incidental result not amounting to a taking in the constitutional sense.

The appellant also contends that setting the price of gold in paper money and as a condition of a license to produce gold that gold be delivered to the Treasury Department at that price, is unconstitutional and confiscatory. Such Regulations are not unconstitutional if reasonably related to the constitutional statute concerning money. It is submitted that they are, as the District Court has found, reasonably related to this power. There is no confiscation involved, just as there is no taking involved. As previously pointed out, appellant is not required to sell to the mint and no price is prescribed for her sale to licensed users of gold.

Appellant also contends that the establishment of such price discriminates against the appellant and other producers to the benefit of users of gold. If the regulations have such indicated result there is certainly no discrimination between members of the class concerned by the Regulations. In addition, this is no more true than it was when the United States was on a gold coin standard at times when the cost of production of gold mounted by reason of economic conditions which may have given rise to increased costs of production. Even a gold standard does not affect the basic economic laws

of supply and demand and other factors influencing the amount of goods and services that a measured medium of exchange will buy. The production of gold is not immune from these influences and the government, unless it wishes to subsidize gold production, which it is not required to and has not undertaken to do, will not guarantee gold mining as a profitable venture. The paper money which the government now exchanges for gold at the mint is the medium of exchange which is the measure of all goods and services in commerce of the country. As such, the payment in terms of such currency is not confiscatory. The Regulations are seated in statutes (see 12 USC 213).

Appellant contends that the control of gold has no relationship to maintaining the parity of the dollar. For reasons hereinbefore submitted, it is urged that appellant is in error. Appellant contends that Congress has no power to fix the value of paper currency. If the government has power to fix the value of any of its monetary media, it has the power to fix the value of the currency, even though it may not be redeemed in gold under the statute upon which it is based. The value of the paper money depends upon the credit of the country, which will ultimately be the situation in any case in which the money is not, of itself, of full intrinsic value. The fallacy of appellant's reasoning is her adherence, contrary to decision, to the theory that the constitutional power of Congress is limited to regulating the value of *coined* money.

Appellant contends that gold as a commodity cannot be money and argues that because our currency is

not redeemable in gold, we have no money, and therefore gold can only be a commodity, which the government has no power to regulate. Gold is not required to be circulating money to affect the parity of gold with the dollar in exchange under a system of a reserve standard. Appellant contends that when gold was money in the sense that it was exchanged in coin, the control thereof was unnecessary to maintain parity. It does not follow that regulation of mining of gold is not necessary to maintain the parity of the currency with the dollar and in any event, it does not appear unduly speculative to assume that the result of coining gold now, absent a system enabling full redemption, would result again in hoarding of gold coins to the depreciating of the currency and resultant destruction of gold parity and the contraction of available gold for settling world trade balances.

Appellant emphasizes that in the past, gold was a commodity for which the government paid varying prices. Appellant cites as illustrative thereof that in 1895 the government paid a premium in bonds for gold. The government does no less today when it issues bonds for the common exchange media, the currency dollars of the country (see 31 USC 462).

Appellant contends also that Title 31, USC, § 463, prevents contracts measured by gold and that they thereby abolished the standard of money. The statute merely is a means of protecting the currency as legal tender by requiring that contracts be not dependent upon irredeemable gold as the measure of payment. The statutes does not abolish the standard of money,



which is fixed by the requirement that the Federal Reserve Banks have a credit reserve of 25% in gold certificates for the issue of their notes. *Arthur v. Richards* (1874), 23 Wall. 246; *Bronson v. Rodes* (1868), 7 Wall. 229, were decided, as pointed out by *Norman v. B. & O. R.R. Co.*, *supra*, at p. 300, when gold was still in circulation and no act of Congress prohibiting the enforcement of such clauses had been passed. The court in the *Norman* case, commenting on *Bronson v. Rodes*, *supra*, said:

“In *Bronson v. Rodes*, *supra*, page 251, the court held that the legal tender acts of 1862 and 1863, apart from any question of their constitutionality, had not repealed or modified the laws for coinage of gold or silver or the statutory provisions which made those coins a legal tender in all payments. It followed, said the court, that ‘there were two descriptions of money in use at the time the tender under consideration was made, both authorized by law, and both made legal tender in payments. The statute denomination of both descriptions was dollars; but they were essentially unlike in nature.’ Accordingly, the contract of the parties for payment in one sort of dollars, which was still in lawful circulation, was sustained.”

The case of *Guaranty Trust Co. v. Henwood* (1939), 307 U.S. 243, cited by appellant, who quotes from the dissenting opinion, as to the purpose of the gold legislation, in the majority opinion establishes the power of Congress to recall and control the national currency and to make that currency legal tender for all purposes, including payment of domestic dollar obligations with exceptions for payment in foreign currency. The court says, “Whether it was ‘wise and expedient’ to do so

was under the constitution a determination to made by the congress." *Pennsylvania Coal Co. v. Mahon* (1922), 260 U.S. 393, simply held that a state statute which interfered with existing coal mining rights to prevent subsidence of lands, streets and private property, was not a valid exercise of the police power because the regulation went too far and amounted to a taking. The key to the opinion was in the court's remark on facts arising in mining country, where the court said, "Insofar as private persons or communities have seen fit to take the risk of acquiring only surface rights, we cannot see that the fact that their risk has become a danger warrants giving to them greater rights than they bought."

*Forbes v. Gracey* (1876), 94 U.S. 762, was an attempt to resist taxes of the State of Nevada imposed upon property of the Consolidated Virginia Mining Company on the ground that the title to the land from which the mineral was taken was in the United States and therefore not subject to state taxation. The court held that the tax was upon the yield and the levy upon the personal property and the tax could therefore be imposed. Its relationship to the issues at hand appears remote.

*Erhardt v. Boaro* (1885), 113 U.S. 527, was simply a question of notice between the two claimants to a mineral claim. *Heydenfeldt v. Daney Gold & Silver Mining Co.* (1876), 93 U.S. 634, was a case turning upon the power of the State of Nevada to make a grant of land which had not been yet surveyed by the United States, it being in a section commonly set aside for common school purposes. These two cases appear to

be not related to the issues herein. The plaintiff's citation of *Central Eureka Mining Co. et al v. Court of Claims* (1956), 138 F. Supp. 281, ignores the reversal in *U. S. v. Central Eureka Mining Co. et al, supra*. *U. S. v. GMC* (1945), 323 U.S. 373, was a condemnation action for a leasehold interest of a portion of a warehouse in which the tenant-lessee, being dispossessed, was obliged to incur substantial moving expenses. The court did not limit the compensability to the bare appraisal of the value of the space. While some language therein may comfort the appellant, the case is not factually such as to be of help to appellant herein. *Terrace v. Thompson* (1923), 263 U.S. 197, merely upheld the power of the State of Washington by statute to disqualify aliens who had not declared intention to become citizens, from holding interest in lands. The case is not in point.

*Meyer v. Nebraska* (1923), 262 U.S. 390, invalidated a Nebraska statute which was a basis of a criminal action against Meyer for teaching a foreign language to children in the schools of Nebraska. The court said that this was an interference with the calling of modern language teachers and with the obligations of pupils to acquire knowledge and with the power of parents to control the education of their own. It appears remotely connected, if at all, with the claimed right to mine gold at a profit.

It appears established law that under the circumstances of *Williams v. Fanning* (1947), 332 U.S. 490, and *Colorado v. Toll* (1925), 268 U.S. 228, it would not be necessary to join the Secretary of the Treasury

as a necessary party; however, the facts and circumstances herein are not such as in those cases. In *Colorado v. Toll*, the court found that the act was void as an intrusion upon the power of the state and injunction against the superintendent could effectively provide a remedy. In *Williams v. Fanning*, the postal fraud order was enforceable by local interpretation and local action and the injunction could effectuate itself on the subordinate postal employee. Under the facts in this case, if the Regulation be valid, there is no room for interpretation by the local Treasury Agent and preventing his enforcement of the law could affect the monetary system of the country itself, as distinguished from the enforcement of a local traffic regulation in a national park or the circulation of a particular bit of mail matter. *Ickes v. Fox* (1937), 300 U.S. 82, involved the question of the necessity of the United States as a party and was against the Secretary of the Interior in a situation which the court held did not amount to action against the United States because the Secretary of Interior had issued a wrongful order with respect to property rights not in the United States but vested in others.

*Monongahela Navigation Co. v. U. S.* (1893), 148 U.S. 312, was a condemnation action in which the lower court had not allowed compensation for a franchise to operate a toll lock. Congress had legislated so as to cloud the right to compensation for the franchise and the court held that the compensation for the taking was not a proper function of the legislative branch. If appellant's case involved a taking, the case might be

in point. Appellee submits that there is no taking and that the case fails to aid appellant.

*People v. Supervisors* (1868), 7 Wall. 26, is a case concerning the taxability by states of the United States notes under the Loan and Currency Acts of 1862 and 1863. The court said:

“We have already said that these notes are obligations. They bind the national faith. They are therefore strictly securities. They secure the payments stipulated to the holders by pledge of the national faith, the only other ultimate security of our national obligations whatever form they may assume.”

This case, like some previously discussed, was decided when gold coins were in circulation.

*The Legal Tender Cases*, *supra*, established the validity of U. S. currency as legal tender. The court said that the government is to pay the debt of the union and must be authorized to use the means which appear to itself most eligible to effect that object. It has consequently a right to make remittances by bills or otherwise and to take those precautions which would render the transactions safe. The court points out the circumstances of stress which led the Congress to make Treasury notes legal tender and suggests that if it be conceded that some other means might have been chosen as the accomplishment of these legitimate and necessary ends, the concession does not weaken the argument that it is a constitutional power. Congress had the choice of means to legitimate ends, if appropriately adapted to that end, though perhaps in different degrees. It is not for the court to say which means



should have been adopted. The rules of construction do not require that the relationship between the means and the end shall be direct and immediate.

Appellant stresses that there may no longer be a basis for enforcement of the Regulations because the emergency may no longer exist relating to the powers under the Trading with the Enemy Act, and cites *Bauer v. U. S.*, 9 Cir. 1957, 244 F.2d 794, in support thereof. The *Bauer* case was a criminal action based upon regulations which imposed criminal sanctions upon certain dealers in gold and the court remanded the conviction for retrial to ascertain whether or not the emergency during which the regulation was adopted had passed away. That certain penalties might be invalidated would not invalidate these regulations, because, as is stated in that case:

“The present contention of appellant is that there is no criminal statute or regulation in force which penalizes the possession of gold bullion. This is based upon the argument that the economic emergency which resulted in the adoption of Executive Order 6260, under authority of 12 USCA, Section 95a, no longer exists. It is suggested that there is no national economic emergency at the present time, and the second, not only is there no war emergency, but that, by joint resolution and by Presidential Proclamation, the war emergencies have ceased to exist. *We find that the policy of preventing the retention and possession of gold bullion is a part of the national policy of the United States. The Gold Reserve Act, however, by which this policy is established, imposes no penalties except that the gold acquired or held in violation shall be forfeited and the person failing to comply shall be subject to a penalty equal to*



*twice the value of the gold so seized or involved."*  
(Emphasis supplied).

Appellee urges that the Regulations reasonably related to that policy under the Gold Reserve Act would not appear to depend upon an emergency or other authorization than the implied requirements and the express ones of the Gold Reserve Act of 1934 insofar as the issues of this case are drawn. The Regulations under that Act are valid. They are the ones of which appellant complains.

### CONCLUSION

The United States has a national policy of restricted dealing in gold, for the maintenance of the monetary system of the land. The policy necessarily requires restrictions on the treating of mined gold and the circulation of it. This policy is bound in with the Bretton Woods Agreement and the Bretton Woods Agreements Act, to which many countries are tied. It is suggested that all the appellant would ask this court to do is to change the monetary structure of the world. Appellee suggests that the court is not going to embark upon the legislative function of striking down the present monetary system and substituting its own.

The appellant is not entitled to relief. The judgment of the District Court should be affirmed.

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ROBERT R. CARNEY,  
Assistant U. S. Attorney,  
Of Attorneys for Appellee.

No. 16,170

IN THE

United States Court of Appeals  
For the Ninth Circuit

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GLADYS LAYCOCK,

*Appellant,*

vs.

FRANK J. KENNY,

*Appellee.*

Appeal from the United States District Court  
for the District of Oregon.

APPELLANT'S PETITION FOR A REHEARING.

---

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FILED  
1938



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# United States Court of Appeals For the Ninth Circuit

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GLADYS LAYCOCK,

vs.

FRANK J. KENNY,

*Appellant,*

*Appellee.*

Appeal from the United States District Court  
for the District of Oregon.

## APPELLANT'S PETITION FOR A REHEARING.

---

Appellant respectfully moves the Court to set aside its opinion as heretofore filed herein and to grant a rehearing of this cause. As grounds therefor appellant submits the following.

The opinion of this Court holds that there was no "taking" of appellant's property in the constitutional sense. That issue was not decided by the District Court and was not briefed or argued in this Court.

This Court so ruled without citing the controlling decisions of the Supreme Court, which we submit hold to the contrary. Such controlling decisions in and of themselves establish the necessity for a rehearing by this Court. We will cite and quote those controlling decisions after a brief statement of facts.



# ESSENTIAL FACTS NOT STATED IN THE OPINION.

The patent to this mining claim was issued by the government for a valuable consideration. The owner developed the mine in reliance upon the terms of that patent. That patent was a grant of the right to extract, possess and dispose of the mineral.

*Erhardt v. Boaro*, 113 U.S. 527 at 535;

USCA Title 30, Sections 22 to 26.

“What makes the right to mine coal valuable is that it can be exercised with profit. To make it commercially impracticable to mine certain coal has very nearly the same effect for constitutional purposes as appropriating or destroying it.”

*Penna Coal Co. v. Mahon*, 260 U.S. 393 at 414.

Under the laws governing the issuance of patents for mining claims, the right of a patentee to mine, possess and dispose of her gold is absolute; as absolute as the right of one who has acquired title to land by a patent from the government. Mining claims and land are sold by the government for a valuable consideration under patents. When such a conveyance is made, the rights of the grantee are absolute. Thereafter such a grant cannot be revoked or altered by the government.

Such a mining claim patented by the government, like lands patented by the government, constitute the absolute property of the grantee. If for a public purpose or in the public interest the government wishes to terminate the property rights which it had granted—a right to own, possess and sell the minerals—the gov-

ernment must condemn the property and pay just compensation, which compensation must be determined by the Courts.

The Constitution protects the right to produce, own and dispose of the metal in that claim as an essential attribute of the property.

*Terrace v. Thompson*, 263 U.S. 197 at 215.

“\* \* \* the right of the owner to fix the price at which his property shall be sold or used is an inherent attribute of the property itself and, as such, is within the protection of the due process clauses of the fifth and fourteenth amendments.”

*Tyson Bros. v. Banton*, 273 U.S. 418 at 429.

Price control is unconstitutional.

See authorities cited at pp. 42 and 43 of main brief.

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#### FACTS ESTABLISHED BY THE OPINION.

The opinion of this Court establishes

(a) That “the Regulations effectively set the price of gold in the United States”. (Op. p. 8);

(b) That the Regulations make it impossible for appellant to exercise the rights granted by the patent, i.e., the right to produce, own and sell the mineral (sic). Appellant alleges that the price has ruined the gold mining industry (p. 19);

(c) The authority given by the statute “makes the Treasury the ruler of the market place, if not the market itself”;

(d) The statute authorizes the mints to pay \$35.00 per troy ounce of fine gold \* \* \* and authorizes the mints to sell gold to persons licensed to purchase it at \$35.00 per troy ounce.

In those findings this Court has established that the Regulations deprive the appellant of her property rights as granted by the patent from the United States, such rights being her right to mine, own and dispose of the gold in her claim;

(e) The opinion states "the Fifth Amendment \* \* \* forbids the taking of private property without just compensation \* \* \*". (Op. p. 17.)

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**THE BASIC AND CONTROLLING RULING  
OF THIS COURT.**

The basic and controlling ruling upon which the conclusion of this Court rests is the ruling on the constitutional point, to wit, that the acts complained of and the Regulation do not constitute a "taking" in the constitutional sense. The opinion makes the following several statements:

(a) " \* \* \* there is no taking in the constitutional sense \* \* \*". (p. 18);

(b) "But as we have discussed above, the effects of this power on the appellant's property is not a 'taking' in the constitutional sense." (p. 19);

(c) "The Fifth Amendment, under which she asserts her rights, forbids the taking of property without just compensation, or the deprivation of it with-

out due process of law". "*But this provision refers only to direct appropriations.*" (p. 17.)

With great respect for this Court, we submit that each of those statements is contrary to controlling decisions and that a reconsideration of the question by this Court must necessarily lead to a correction of those statements, and a different holding with respect to the constitutional question presented.

Under controlling decisions "a direct appropriation" is not necessary to constitute a "taking" of property in the constitutional sense. Under the controlling decisions where the effect of governmental action is so complete as to deprive the owner of all or most of his interest in the subject matter, such action amounts to a "taking", even though the government does not acquire title to or occupancy of the property. It is the deprivation of the owner rather than the accretion of a right or interest to the government which constitutes a "taking". Such is the law as declared by the uniform decisions of the Supreme Court.

Under the Fifth Amendment it is not necessary that property should be absolutely taken by the government, but a serious interruption of the common and necessary use of the property amounts to a taking.

*Pumpelly v. Green Bay Co.*, 13 Wallace 166;

*U. S. v. General Motors Corp.*, 323 U. S. 373;

*U. S. v. Causby*, 328 U. S. 256 at 261-2;

*U. S. v. Kansas City Life Insurance Co.*, 339

U. S. 799 at 809-810;

*Penna Coal Co. v. Mahon*, 260 U. S. 393 at 414-415;

*U. S. v. Welch*, 217 U. S. 333;  
*Richards v. Washington Terminal Co.*, 233 U. S.  
 546;  
*U. S. v. Lynah*, 188 U. S. 445 at 468 to 471;  
*U. S. v. Cress*, 243 U. S. 316 at 324 to 329.

To aid the Court we now submit brief extracts from the above opinions:

In *Pumpelly v. Green Bay Co.*, 13 Wallace 166 the Court held that under the constitutional provisions it is not necessary that the land should be absolutely taken, and that a serious interruption of the common and necessary use of property amounted to a "taking". The Court made the following statement:

"The argument of the defendant is that there is no *taking* of the land within the meaning of the constitutional provision, and that the damage is a consequential result of such use of a navigable stream as the government had a right to for the improvement of its navigation.

"It would be a very curious and unsatisfactory result, if in construing a provision of constitutional law, always understood to have been adopted for protection and security to the rights of the individual as against the government, and which has received the commendation of jurists, statesmen, and commentators as placing the just principles of the common law on that subject beyond the power of ordinary legislation to change or control them, it shall be held that if the government refrains from the absolute conversion of real property to the uses of the public it can destroy its value entirely, can inflict irreparable and permanent injury to any extent,



can, in effect, subject it to total destruction without making any compensation, because, in the narrowest sense of that word, it is not *taken* for the public use. Such a construction would pervert the constitutional provision into a restriction upon the rights of the citizen, as those rights stood at the common law, instead of the government, and make it an authority for invasion of private right under the pretext of the public good, which had no warrant in the laws or practices of our ancestors.”

13 Wallace 177-178.

We know of no decision by the Supreme Court which has been cited and followed more frequently than the above decision in the *Pumpelly* case.

In *Penna Coal Co. v. Mahon*, a coal company had conveyed the surface of land but had reserved the right to remove all coal beneath the surface. A statute forbade the mining of coal in such a way as to cause the sinking of the surface. The effect was to deprive the owner of his right to mine and sell the coal beneath the surface.

The Court held that such statute was unconstitutional, since it deprived the owner of the coal of his right to mine the same and did so without just compensation. The Court said:

“As said in a Pennsylvania case, ‘for practical purposes, the right to coal consists in the right to mine it’. *Commonwealth vs. Clearview Coal Co.*, 256 Pa. St. 328, 331. What makes the right to mine coal valuable is that it can be exercised with profit. To make it commercially impracticable to



mine certain coal has very nearly the same effect for constitutional purposes as appropriating or destroying it. This we think that we are warranted in assuming that the statute does.”

260 U.S. 415.

The Court also said “if the Regulation goes too far it will be recognized as a taking”. (p. 415.)

In *U. S. v. General Motors Corporation*, 323 U.S. 373, the Court made the following statement with respect to the provision of the Fifth Amendment directing that private property shall not be taken for public use without just compensation.

“The critical terms are ‘property’, ‘taken’ and ‘just compensation’ ”. (p. 377.)

The Court then said that the word “property” denotes the group of rights inhering in the citizen’s relation to the physical thing “*as the right to possess, use and dispose of it*”. And then said “*the constitutional provision is addressed to every sort of interest the citizen may possess.*”

The Court then said that where the effects of the governmental action are so complete as to deprive the owner of all or most of his interest in the subject matter, such action amounts to a taking, and that it is the *deprivation of the former owner rather than the accretion of a right to the sovereign which constitutes the taking*. The precise words of the Court are as follows:

“In its primary meaning, the term ‘taken’ would seem to signify something more than destruction, for it might well be claimed that one

does not take what he destroys. But the construction of the phrase has not been so narrow. The courts have held that *the deprivation of the former owner* rather than the accretion of a right or interest to the sovereign *constitutes the taking*. Governmental action *short of acquisition of title or occupancy has been held*, if its effects are so complete as to deprive the owner of all or most of his interest in the subject matter, to amount to a taking.”

323 U. S. 378.

In *U. S. v. Kansas City Life Insurance Co.*, 339 U.S. 799, the Court held that destruction of agricultural value of land by flooding is a taking within the meaning of the Fifth Amendment.

In *U. S. v. Causby*, 328 U. S. 356, the proof showed that the government used airplanes for military aircraft over the owner's land at a low altitude. The result was the destruction of the use of the property as a commercial chicken farm.

The government conceded that if the flights over the property had rendered it uninhabitable, there would be a taking under the Fifth Amendment, but argued that since the flights were within the minimum safe altitudes they were an exercise of the declared right of travel through the air space.

But the Supreme Court held that, under the facts, there was a taking *pro tanto* of the respondents' property which, because of the Fifth Amendment, had to be compensated. The opinion said, “if, by reason of the frequency and altitude of the flights respondents

could not use this land for any purpose, their loss would be complete. It would be as complete as if the United States had entered upon the surface of the land and taken 'exclusive possession of it.' " (p. 261.)

In *U. S. v. Welch*, 217 U.S. 333, the government had condemned three acres of land and, by doing so, had cut off the use of a right of way and deprived the plaintiff of the only practical outlet from his farm to the county road.

The government did not condemn the right of way and there was no direct appropriation thereof. But the Court held that the destruction of the farmer's right was the taking of his property, which compelled the payment of just compensation.

The Court specifically stated:

"\* \* \* a destruction for public purposes may as well be a taking as would be an appropriation for the same end".

In *U. S. v. Cress*, 243 U.S. 316, the Court said :

"While the government *does not directly* proceed to *appropriate* the title, yet it takes away the use and value; when that is done it is of little consequence in whom the fee may be vested." (p. 328.)

In *U. S. v. Lynah*, 188 U.S. 445 at 470, the Court said again:

"While the government *does not directly* proceed to *appropriate* the title, yet it takes away the use and value; when that is done it is of little consequence in whom the fee may be vested."

Thus the uniform decisions of the Supreme Court expressly hold that the Fifth Amendment is not limited to cases of direct appropriation, but that the Fifth Amendment prevents the government depriving the citizen of any of his property or property rights without just compensation.

As the Court said in a *General Motors* case,

“the deprivation of the former owner rather than the accretion of a right or interest to the sovereign constitutes the taking.”

323 U.S. 378.

But, contrary to the above decisions, this Court holds that under the facts here there has been no “taking”, and that the Fifth Amendment refers only to “direct appropriation”.

Under the above controlling decisions those rulings by this Court are erroneous and should be corrected.

The opinion uses the phrase “direct appropriation” and says that here there has been none.

“Direct appropriation” is not the phrase used in the Fifth Amendment. It has a much narrower meaning than the word “taking”. The phrase “direct appropriation” is ambiguous and misleading.

Under the uniform decisions the Fifth Amendment prohibits the taking of property for public use without just compensation and is not limited to a direct appropriation by the government, but applies to all “takings” by the government.

Possibly, this Court used the phrase because in the *Norman* case, 254 U.S. at page 305, the Supreme Court said that the Legal Tender Decision had said that the Fifth Amendment referred only to a direct appropriation.

The context in the opinion and the issues in the Legal Tender Case explain the use of the phrase there.

In the Legal Tender Case the Court used the phrase "direct appropriation" as meaning a taking of property *by the Government*, as distinguished from the operation of a general law which would not *directly* take the property of a citizen, but which might indirectly cause loss or harm to an individual in dealings between individuals.

The distinction is a sound one and is made clear by the decision in the *Pumpelly* case, *which was decided by the same Justices, who had decided the Legal Tender Case*.

In the *Pumpelly* case that Court held that the purpose of the Fifth Amendment is:

"\* \* \* for the protection of the rights of the individual as *against the Government*".

And then the Court said that the Fifth Amendment was never 'supposed to inhibit laws that:

"indirectly work harm or loss to individuals".

13 Wallace, page 177.

The opinion held that even though the government had not directly appropriated the property (sic); had refrained from "absolute conversion of the property



to the uses of the public", nevertheless the value of the property had been destroyed, and that such destruction had been a taking.

The opinion specifically stated that the word "taking" could not be restricted to a narrow sense and that to do so would pervert the constitutional provision. (13 Wallace at p. 178.)

The same justices, who rendered that specific and precise decision with respect to the Fifth Amendment, when the meaning of that amendment was directly in issue, had also decided the Legal Tender Case.

In the Legal Tender Case the parties had not asserted that the Act had violated the Fifth Amendment. They could not have made that contention because the Fifth Amendment is a protection of the individual solely against the Government, and not a protection as between *private parties inter sese*.

*Public Utilities Commission v. Pollak*, 343 U. S. 451 at 461.

No actions by an individual against another can violate the Fifth Amendment. Probably no law, which operates only between individuals, can violate the Fifth Amendment.

For that reason in the Legal Tender Case the contention was only that the Legal Tender Act was "prohibited by the *spirit* of the Fifth Amendment". (12 Wallace, p. 551.)

And thus, in the Legal Tender Decision the Court said that the Fifth Amendment referred only to:

"a *direct* appropriation."



The context shows that the opinion was merely distinguishing between

- (a) a general law which might *indirectly* cause loss or harm to an individual, and
- (b) the “taking” of an individual’s property by the government.

In making that distinction, the opinion used the phrase “direct appropriation” to mean a “taking”. It did not mean that there was no taking because the government had not directly appropriated the property.

That is made exquisitely clear by a decision of the same judges in the *Pumpelly* case the following year.

In the *Pumpelly* case the language of the Fifth Amendment was analyzed and reviewed.

The *Pumpelly* decision held that government action causing irreparable and permanent damage to property constituted a “taking” and was prohibited by the language of the Fifth Amendment.

That the Fifth Amendment operates only as against the government, and not as between private parties, is evidenced by the decisions in the Gold Clause Cases.

*The Norman case was a suit between private parties.* The Court held as between *private parties* the joint resolution to be constitutional. (294 U.S. 240.)

*But the Perry case was a suit against the government.* The Court held the same joint resolution unconstitutional as *applied to Government obligations.*

In the *Perry* case the Court said :

“there is a clear distinction between the power of the Congress to control and interdict the contracts of private parties \* \* \* and the power of the Congress to alter or repudiate the substance of its own engagements \* \* \*.”

294 U.S. page 350.

Thus, we find no decision which holds, as an adjudication, that the Fifth Amendment applies only to direct appropriation.

But, the uniform decisions hold that any deprivation by the government of any property right of a citizen without just compensation is a “taking” of property in violation of the Fifth Amendment; and that, therefore, the Fifth Amendment is not limited to “direct appropriation”.

In this case, by its direct action, the government has deprived the appellant of her entire property right—the right to mine, possess and sell the mineral. The government has made it impossible for her to use and work her claim. That is the extent of the appellant’s property. A patent for a mining claim grants only those rights. Those rights have been destroyed.

“The destruction of all uses of the property \* \* \* has been held to constitute a taking \* \* \*.”

*U. S. v. Causby*, 328 U.S. at 261 note.

Though it be asserted that the acts of the government are done under the constitutional power over money, or are related to that power, that makes no difference.

The Constitution gives power "to provide and maintain a Navy". Under that constitutional power, the government flew Navy planes at a low altitude and thereby deprived an owner of property of the right to use his property for a particular business—raising chickens.

The direct action of the government had deprived the owner of a part of the use of his property.

The Supreme Court held that there was a "taking" of his property within the meaning of the Fifth Amendment. (*U.S. v. Causby*, 328 U.S. 256.)

Here the government has deprived the owner of the only property right she possesses—the right to mine, use and sell the mineral. The government had granted her that right. The *direct* action of the government has deprived her of it.

We submit that these facts establish that there has been a "taking" of appellant's property within the meaning of the Fifth Amendment.

---

**ALL CONSTITUTIONAL POWERS OF CONGRESS ARE SUBJECT TO THE LIMITATIONS IMPOSED BY THE FIFTH AMENDMENT.**

The opinion of this Court refers to broad powers of Congress over money and the monetary system.

We do not discuss those powers, since however broad they may be, either under the Constitution itself or under the decisions construing it, there remains this indisputable fact: *the exercise of that power*

is subject to the limitations imposed by the Fifth Amendment. Every power granted to Congress by the Constitution is subject to the Fifth Amendment.

*Monongahela Navigation Co. v. United States*,  
148 U.S. 312 at 336;

*Louisville Bank v. Radford*, 295 U.S. 559 at  
589;

*Currin v. Wallace*, 306 U.S. 1 at 14.

Even the war power is subject to the Fifth Amendment.

*Ex parte Milligan*, 4 Wallace at 119.

That is basic law which has never been controverted. Under those decisions it necessarily follows that, even though Congress may have absolute power over money and monetary matters, yet the exercise of that power is subject to the limitation of the Fifth Amendment. Therefore, even though Congress might deem it necessary to take possession of all gold, and to deprive the owner of a mining claim of his right to mine and sell his gold, Congress cannot do so without paying just compensation, and such just compensation must be determined by the courts.

By holding that Congress sought control over all gold in the exercise of its monetary powers, this Court holds that such control is for a public purpose. That fact establishes the application of the Fifth Amendment.

The government also takes the appellant's property for a private purpose. The government takes the producer's gold at a price below its cost of production

and sells that gold to commercial users at the same price. It thus takes the property of "A" and gives it to "B". The government thereby subsidizes the commercial users at the expense of the consumer. That violates the "due process" clause of the Fifth Amendment.

*Mora v. Megias*, 223 Fed.(2d) 814 at 816.

The appellant so contended, but this Court held such contention to be "without merit" because of the holding by this Court that there was no "taking" of appellant's property. But the "due process" clause of the Fifth Amendment prevents that course and protects this appellant even if there had been no taking.

*Missouri Pacific Railway v. Nebraska*, 164 U.S. 403 at 417;

*Thompson v. Consolidated Gas Co.*, 300 U.S. 55 at 79 to 81.

Furthermore, every conclusion of this Court, announced in its opinion, rests upon the holding that there has been no "taking" of appellant's property.

With great respect we urge that such holding is contrary to the controlling decisions above cited and quoted.

The government granted the right to mine, possess and sell this gold by its patent. That right was property.

We submit that, under the Constitution, the government cannot revoke or alter that grant without compensation, and that the statute, as construed by this



Court, makes it impossible for the owner of that claim to operate it profitably.

As this Court says, the grant of authority, attacked here, makes the Treasury the "ruler of the market place." (Op. p. 8.) When, as "ruler of the market place" the government sets the price of gold below the cost of production, and has thereby ruined the gold mining industry and made it impossible for the appellant to use her property profitably, we earnestly submit that the government has deprived her of her property and of her means of livelihood. Such deprivation of her property is a "taking" of that property.

---

Under Article III Section 1 of the Constitution, when property is taken by the government the compensation required by the Fifth Amendment must be set by a Court and not by an administrative agency. The opinion of this Court denies that right to this appellant and does so for the basic reason asserted in the opinion that there was no "taking" of her property. If, as we contend, there was a "taking", then that ruling is erroneous.

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**NORMAN v. B & O RAILROAD, 294 U. S. 240.**

The *Norman* decision has no application to this case. The appellant contends that the government has no power to compel a citizen to surrender her private property in exchange for irredeemable paper currency



which has no fixed value. The opinion holds that such issue is settled by the *Norman* case.

We respectfully ask the Court to reconsider that ruling for the following reasons:

(1) The Joint Resolution applied only to contracts for the payment of *money—monetary obligations*; the *Holyoke* case, 300 U.S. 324 and the *Guaranty Trust Co.* case, 307 U.S. 243 were both decided because the Court *construed the contracts there in issue* to be *contracts for money—monetary obligations*. See 300 U.S. at 340 and 307 U.S. at 255.

The Joint Resolution applied only to *contracts for money*. By its terms it is limited to contracts for money.

(2) In the *Norman* case the parties did not question the power of the government to pay in irredeemable paper currency. They question only the amount of such currency to which they were entitled. They were obliged to accept that currency because the obligations were for *money* and, therefore, came within the Joint Resolution.

Such decisions do not sustain the power of the government to take private property, such as gold or any other commodity, and to compel a citizen to accept in exchange for it irredeemable paper currency.

(3) The Joint Resolution was held constitutional as between private parties and as applied to private contracts, but the same Joint Resolution was held unconstitutional as applied to government obligations.

*Perry v. United States*, 294 U.S. 330 at 354.

We submit that those decisions do not hold that the government may take private property in exchange for irredeemable paper currency without fixed value. The ruling in the *Perry* case would seem to indicate the contrary.

---

The opinion states that if appellant wishes to sell her gold, she could exchange payment only in legal tender. If she could exercise her constitutional right to sell her gold without interference by the government, it is true that she would have to accept payment in legal tender. But, under those circumstances, it is also true that she could receive for her gold a much greater amount of that currency than at the rate of \$35.00 face amount of such paper currency per ounce of gold. The facts throughout the world, which are common knowledge, demonstrate that. The mere fact that the cost of production of gold in terms of such paper currency is more than \$35.00 per ounce established that that price in such paper currency is not just compensation.

In conclusion we submit that the subject of money has nothing to do with this case; that the injection and discussion of money in this case has confused the basic issue.

The basic issue here is whether the Federal Government, after having granted an absolute property right, the right to mine gold, may prohibit the exercise of that right and, thereby, deprive the appellant of her property without just compensation.

For a long period of years gold was our money and we are still accustomed to thinking of gold as money, but an appreciation of realities will demonstrate that gold is no longer money within the United States in any sense of the word, and that gold has no relationship whatsoever to the monetary system or paper currency system which we are now using.

The Federal Courts are the guardians of the constitutional rights of the people and of the constitutional limitations upon federal powers.

We earnestly petition this Court to grant a rehearing in this case in order that the appellant may be heard on the basic and controlling issues of constitutional law which control this case.

We remind the Court again that the basic issue upon which the decision of this Court turns was neither briefed nor argued before the Court.

We pray for a reconsideration and a rehearing.

Dated, September 25, 1959.

Respectfully submitted,

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PAUL BAKEWELL, JR.,

*Attorneys for Appellant  
and Petitioner.*

## CERTIFICATE OF COUNSEL

We hereby certify that we are of counsel for appellant and petitioner in the above entitled cause and that in our judgment the foregoing petition for a rehearing is well founded in point of law as well as in fact and that said petition for a rehearing is not interposed for delay.

Dated, September 25, 1959.

NORMAN L. EASLEY,  
PAUL BAKEWELL, JR.,  
*Of Counsel for Appellant  
and Petitioner.*



No. 16171 ✓

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United States  
Court of Appeals  
for the Ninth Circuit

---

CHEW WING LUK, Appellant,

vs.

JOHN FOSTER DULLES, as Secretary of State,  
Appellee.

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Transcript of Record

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Appeal from the United States District Court for the  
Southern District of California,  
Central Division

FILED

DEC 11 1958

PAUL P. O'BRIEN, CLERK





No. 16171

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United States  
Court of Appeals  
for the Ninth Circuit

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CHEW WING LUK, Appellant,  
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[Clerk's Note: When deemed likely to be of an important nature, errors or doubtful matters appearing in the original certified record are printed literally in *italic*; and, likewise, cancelled matter appearing in the original certified record is printed and cancelled herein accordingly. When possible, an omission from the text is indicated by printing in *italic* the two words between which the omission seems to occur.]

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## NAMES AND ADDRESSES OF ATTORNEYS

### For Appellant:

SIDNEY M. KAPLAN,  
SIDNEY BROFFMAN,  
756 So. Broadway,  
Los Angeles 14, California.

### For Appellee:

LAUGHLIN E. WATERS,  
United States Attorney,

RICHARD A. LAVINE,  
Assistant U. S. Attorney,  
Chief, Civil Division,

HENRY P. JOHNSON,  
Assistant U. S. Attorney,  
600 Federal Building,  
Los Angeles 12, California. [1]\*

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\* Page numbers appearing at bottom of page of Original Transcript of Record.





In the District Court of the United States, Northern District of California, Southern Division

No. 30662

CHEW WING LUK, by his next friend, CHEW  
FONG SHEW, Plaintiff,

vs.

DEAN ACHESON, as Secretary of State,  
Defendant.

COMPLAINT FOR DECLARATORY JUDG-  
MENT OF CITIZENSHIP UNDER 8 U.S.C.  
903

Plaintiff, by his next friend Chew Fong Shew, and his attorneys, Chow and Sing, complains of the defendant as follows:

I.

That plaintiff is temporarily located in Hong Kong, British Crown Colony, but avers that it is his desire and intention to come to the United States to take up residence with his aunt and next friend, Chew Fong Shew, in San Francisco, California.

II.

That the defendant, Dean Acheson, is the duly appointed and qualified Secretary of State of the United States and the head of the Department of State; that the American Consul General and the Foreign Service at Hong Kong, B.C.C., are under his direction and control and are responsible solely to him, the defendant, [2] as Secretary of State.

## III.

That the jurisdiction of this Court is invoked because plaintiff has a cause of action against the defendant pursuant to the provisions of Section 503 of the Nationality Act of 1940 (54 Stat. 1171, 1172; 8 U.S.C.A. 903); under the jurisdiction of this court in proceedings in equity; and under 28 U.S.C.A. 1331 and 2201;

## IV.

That said plaintiff is the lawful blood son of Chew Tai Kam, a native born citizen of the United States whose citizenship status was conceded by the United States Immigration Authorities for the Port of San Francisco incident to his return from China in 1920; that as evidence of his citizenship, there was issued to Chew Tai Kam by the United States Immigration Authorities for the Port of San Francisco a Certificate of Identity; that the said Chew Tai Kam is now deceased, having died in Merced, California on Aug. 8, 1931.

## V.

That said Chew Tai Kam made the following visit to China, to wit: departed 1906, returning 1920;

## VI.

That said Chew Tai Kam was married to Wong Shee in 1917 (Chinese Republic 6) at the Nom Sing Lay Village, Hoy Ping District, Kwangtung Province, China; that plaintiff was born to the said Chew Tai Kam and Wong Shee on April 12, 1921 at the Nom Sing Lay Village, Hoy Ping District,

Kwangtung Province, China; that the facts of said marriage and of said birth were duly reported to the United States Immigration Service.

#### VII.

That Chew Fong Shew is a permanent resident of the City and County of San Francisco, State of California, and is within the jurisdiction of this Court.

#### VIII.

That Chew Tai Kam was a citizen at the time of the birth of the plaintiff and had resided in the United States prior to the birth of the plaintiff; that Wong Shee, plaintiff's mother, was an alien and is now deceased, having died in [3] China on May 4, 1946; that plaintiff was a citizen of the United States at birth by reason of the laws of the United States then in full force and effect, to wit: Section 1993 of the United States Revised Statutes, as amended by the Act of May 24, 1934, (46 Stat. 797) as further amended by Section 201(g) of the Nationality Act of 1940. (8 U.S.C.A. 601(g).)

#### IX.

That Chew Fong Shew, in or about December 1947, prepared and executed an affidavit attesting to the fact that plaintiff is her lawful blood nephew and an American citizen for the purpose of facilitating plaintiff's travel to the United States; that said affidavit was thereupon submitted and filed with the American Consulate General at Hong Kong, in support of plaintiff's application for issuance of an American passport or travel document

to enable plaintiff to come to the United States to commence his residence therein; that said travel documentation is indispensably required by all transportation companies operating between China, Hong Kong, and the United States as a necessary prerequisite to the granting of transportation to plaintiff and such documentation is required by the provision of the Act of May 2, 1918, as amended (22 U.S.C.A. 223-226) and the Regulations of the Department of State (22 C.F.R. 58) making provision for criminal prosecution and the imposition of criminal penalties for entering or attempting to enter the United States without such documentation.

#### X.

That plaintiff has been advised by the American Consul at Hong Kong, B.C.C., that his application for American passport is disapproved and that a travel document will not be issued to the plaintiff.

#### XI.

That the refusal of the American Consul at Hong Kong, an official of the United States responsible solely to the defendant herein, to issue to plaintiff an American passport or other travel document to enable plaintiff to proceed to the United States to reside therein is an arbitrary and unreasonable refusal or denial of a right or privilege of a citizen of the United States; that plaintiff [4] has exhausted all administrative remedies in his endeavor to obtain travel documentation to proceed to the United States.

XII.

Wherefore, plaintiff prays for a judgment and decree:

1) Directing and enjoining the defendant to issue to the plaintiff a Certificate of Identity, as provided in Section 503 of the Nationality Act of 1940 (8 U.S.C.A. 903), to enable the plaintiff to obtain transportation to the United States and appear in person to prosecute this action.

2) Declaring that the plaintiff is now, and has been since birth, a citizen and national of the United States.

3) And for such other and further relief as to the Court may deem meet and proper.

CHOW AND SING,

Per W. J. CHOW,

Attorneys for Plaintiff. [5]

Duly Verified.

[Endorsed]: Filed June 28, 1951.

—————

[Title of District Court and Cause.]

ANSWER

Comes now Dean Acheson, Secretary of State of the United States, defendant in the above-entitled action, by and through his attorneys, Chauncey Tramutolo, United States Attorney, and Edgar R. Bonsall, Assistant United States Attorney, and in answer to plaintiff's complaint, admits, denies and alleges as follows:



## I.

Answering Paragraph I of the complaint, defendant affirmatively asserts that plaintiff is not the blood son of Chew Fong Shew. Defendant has no knowledge, information or belief as to the other allegations contained in Paragraph I of the Complaint and therefore denies the same.

## II.

Answering Paragraph II of the complaint, defendant admits the allegations contained in Paragraph II of the complaint. [7]

## III.

Answering Paragraph III of the complaint, defendant affirmatively asserts that the plaintiff does not have a valid cause of action pursuant to the provisions of Section 503 of the Nationality Act of 1940 or under 28 U.S.C.A. 1331, or 2201. Defendant has no knowledge, information or belief as to the other allegations contained in Paragraph III of the complaint and therefore denies the same.

## IV.

Answering Paragraph IV of the complaint, defendant affirmatively asserts that the plaintiff is not the true and lawful blood son of Chew Fong Shew. As the defendant is not now in possession of the immigration records, defendant has no knowledge, information or belief as to the other allegations contained in Paragraph IV of the complaint and therefore denies the same.

## V.

Answering Paragraph V of the complaint, defendant has no knowledge, information or belief as to the allegations contained in Paragraph V of the complaint and therefore denies the same.

## VI.

Answering Paragraph VI of the complaint, defendant has no knowledge, information or belief as to the allegations contained in Paragraph VI of the complaint and therefore denies the same.

## VII.

Answering Paragraph VII of the complaint, defendant has no knowledge, information or belief as to the allegations contained in Paragraph VII of the complaint and therefore denies the same. [8]

## VIII.

Answering Paragraph VIII of the complaint, defendant affirmatively asserts that the plaintiff has not derived United States citizenship or nationality under the provisions of Section 1993 of the United States Revised Statutes as amended, or under any other statute. Defendant has no knowledge, information or belief as to the other allegations contained in Paragraph VIII of the complaint and therefore denies the same.

## IX.

Answering Paragraph IX of the complaint, defendant admits that transportation companies operating between China and the United States require

a plaintiff to present documents issued by the American Consulate General before he would be accepted as a passenger. Defendant has no knowledge, information or belief as to the other allegations contained in Paragraph IX of the complaint, and therefore denies the same.

X.

Answering Paragraph X of the complaint, defendant has no knowledge, information or belief as to the allegations contained in Paragraph X of the complaint and therefore denies the same.

XI.

Answering Paragraph XI of the complaint, defendant has no knowledge, information or belief as to the allegations contained in Paragraph XI of the complaint and therefore denies the same.

Wherefore, defendant prays each and every relief sought by the plaintiff be denied; that this Court declare a judgment in favor of defendant that plaintiff has never been a citizen or national of the United States; and that defendant receive his [9] proper costs against the plaintiff in this action.

/s/ CHAUNCEY TRAMUTOLO,  
United States Attorney,

/s/ EDGAR R. BONSTALL,  
Asst. United States Attorney,  
Attorneys for Defendant. [10]

[Endorsed]: Filed August 16, 1951.

In the United States District Court, Southern  
District of California, Central Division

Civil No. 204-57 HW

CHEW WING LUK,

Plaintiff,

vs.

JOHN FOSTER DULLES, as Secretary of State,  
Defendant.

AMENDED COMPLAINT FOR DECLAR-  
ATORY JUDGMENT

Plaintiff amends the complaint herein as follows:

I.

This Court has jurisdiction pursuant to the provisions of Section 503 of the Nationality Act of 1940 (54 Stat. 1171, 1172; 8 U.S.C. 903).

II.

Plaintiff resides in the County of Los Angeles, State of California, and is within the jurisdiction of this Court.

III.

Plaintiff's mother is Chew Fong Shew, a native born citizen of the United States, having been born in the city of San Francisco, state of California, on or about April 5, 1903.

IV.

That about the year 1906 or 1907, plaintiff's mother departed for China, returning to the United

States as a citizen of the United States on the SS President McKinley on April 2, [11] 1937, at Seattle, Washington, in possession of a Certificate of Identity No. 74983; she was admitted to the United States as a citizen thereof at that time.

#### V.

That while plaintiff's mother was in China, plaintiff was born out of wedlock, on or about July 10, 1921, at Nom Sing Village, Hoy Ping, Kwantung Province, China.

#### VI.

Plaintiff's father is unknown and plaintiff's birth has never been legitimated.

#### VII.

Plaintiff is a citizen of the United States under section 205 of the Nationality Act of 1940 (8 U.S.C. 605), which became effective on January 13, 1941.

#### VIII.

That on or about February 2, 1951, plaintiff claimed a right or privilege as a national of the United States in that he applied to the United States Consul for a United States passport to enable him to enter the United States as a citizen thereof; that on or about February 19, 1951, the Consul denied the right or privilege of a national of the United States to plaintiff by denying said application and refusing to issue said passport to plaintiff, thus preventing plaintiff from entering the United States as a citizen thereof.

IX.

That on or about November 6, 1951, a Certificate of Identity was issued to plaintiff by the American Consul for the sole purpose of enabling plaintiff to enter the United States temporarily so that he could prosecute this action for a judicial declaration of his nationality.

X.

That the defendant is the duly appointed and qualified [12] Secretary of State of the United States and the head of the Department of State; that the American Consul in Hong Kong is under his direction and control and responsible solely to him, the defendant, as Secretary of State.

Wherefore, plaintiff prays for a judgment and decree that he be declared a citizen of the United States, and for such other and further relief as to the Court seems proper.

Dated: October 11, 1957.

SIDNEY M. KAPLAN &  
SIDNEY BROFFMAN,

/s/ By SIDNEY BROFFMAN,  
Attorneys for Plaintiff. [13]

Duly Verified.

[Endorsed]: Filed October 21, 1957.



[Title of District Court and Cause.]

ANSWER TO AMENDED COMPLAINT  
FOR DECLARATORY JUDGMENT

Comes now John Foster Dulles, Secretary of State of the United States, defendant in the above-entitled action, by and through his attorneys, Laughlin E. Waters, United States Attorney, Richard A. Lavine and Norman R. Atkins, Assistant United States Attorneys, and in answer to plaintiff's Amended Complaint, admits, denies and alleges as follows:

I.

Answering paragraph I of the Amended Complaint, defendant denies the same, paragraph I being a conclusion of law.

II.

Answering paragraph II of plaintiff's Amended Complaint, defendant admits the same.

III.

Answering paragraph III of plaintiff's Amended Complaint, defendant denies that plaintiff's mother is Chew Fong Shew. As [15] to any and all other allegations contained in paragraph III of plaintiff's Complaint, defendant has no knowledge, information or belief and on that ground denies the same.

IV.

Answering paragraph IV of plaintiff's Amended Complaint, defendant has no knowledge, information or belief as to the allegations contained therein and on that ground denies the same.

## V.

Answering paragraph V of plaintiff's Amended Complaint, defendant denies the allegations contained therein.

## VI.

Answering paragraph VI of plaintiff's Amended Complaint, defendant has no knowledge, information or belief as to the allegations contained therein and on that ground denies the same.

## VII.

Answering paragraph VII of plaintiff's Amended Complaint, defendant alleges that the allegations contained therein are conclusions of law and on that ground denies the same.

## VIII.

Answering the allegations contained in paragraph VIII of plaintiff's Amended Complaint, defendant denies the same because the allegation contained in line 20 that "the Consul denied the right or privilege of a national of the United States to plaintiff" is a conclusion of law.

## IX.

Answering paragraph IX of plaintiff's Amended Complaint, defendant admits the allegations contained therein.

## X.

Answering paragraph X of plaintiff's Amended Complaint, defendant admits the allegations contained therein. [16]

For a Separate, Distinct and Affirmative Defense,  
Defendant Alleges:

I.

That this Court does not have jurisdiction in this case and that plaintiff has not stated a claim upon which relief can be granted because Section 503 of the Nationality Act of 1940 [54 Stat. 1171, 1172, 8 U.S.C. 903] on which plaintiff relies for jurisdiction was repealed, effective December 24, 1952; that plaintiff's Amended Complaint will not and cannot "relate back" [Rule 15(c) of the Federal Rules of Civil Procedure] to the time of filing the original complaint because the Amended Complaint alleges facts which did not arise out of the same transaction as the facts pleaded in the original complaint; that therefore this action upon the Amended Complaint is barred.

For a Second, Separate, Distinct and Affirmative Defense, Defendant Alleges:

I.

That this Court does not have jurisdiction and plaintiff does not state a claim upon which relief can be granted because plaintiff was never denied a right as a national of the United States, which denial is a jurisdictional prerequisite under Section 503 of the Nationality Act of 1940 [8 U.S.C.A. 903]. No official of the United States Government has ever denied that plaintiff was the son of Chew Fong Shew, as is alleged in the Amended Complaint, therefore there has been no denial of a right to plaintiff based on his allegation that he is the son of Chew Fong Shew.

For a Third, Separate, Distinct and Affirmative  
Defense, Defendant Alleges:

I.

That the filing of the amended, verified complaint constitutes [17] a fraud upon this Court because of the obviously inconsistent facts pleaded; that the very filing of the amended complaint is an affront to and imposition upon the dignity of this Court as well as being affirmative evidence of an admission by the plaintiff.

Wherefore, defendant prays each and every relief sought by the plaintiff be denied; that this Court declare a judgment in favor of defendant that plaintiff has never been a citizen or national of the United States; and that defendant receive his proper costs against the plaintiff in this action.

LAUGHLIN E. WATERS,  
United States Attorney,

RICHARD A. LAVINE,  
Assistant U. S. Attorney,  
Chief of Civil Division,

NORMAN R. ATKINS,  
Assistant U. S. Attorney,

/s/ NORMAN R. ATKINS,  
Attorneys for Defendant. [18]

Affidavit of Service by Mail Attached.

[Endorsed]: Filed October 28, 1957.

United States District Court, Southern District  
of California, Central Division

Civil No. 204-57-HW

CHEW WING LUK,

Plaintiff,

v.

JOHN FOSTER DULLES, as Secretary of State,  
Defendant.

FINDINGS OF FACT, CONCLUSIONS OF  
LAW AND JUDGMENT

The above-entitled matter having come on for trial on the limited issue of jurisdiction on February 21, 1958, before the Honorable Harry C. Westover, Judge presiding without a jury; the plaintiff being represented by his attorney, Sidney Broffman, and the defendant being represented by his attorneys, Laughlin E. Waters, United States Attorney, Richard A. Lavine and Norman R. Atkins, Assistant United States Attorneys, by Norman R. Atkins; and counsel for the parties having stipulated that a certified record of passport proceedings relating to the plaintiff should be received in evidence, and the Court having heard and received other testimonial and documentary evidence, and having heard arguments of counsel, and being fully advised in the premises, now makes the following Findings of Fact, Conclusions of Law, and Judgment: [20]

## Findings of Fact

## I.

On February 2, 1951, plaintiff executed an application for an American passport at Hong Kong before the American Consular officials.

## II.

In said application plaintiff listed his father as being one Chew Tai Kam, also known as Sui Fa, who was born in San Francisco, California; plaintiff listed his mother as being one Wong Shee; and plaintiff stated that he, the plaintiff, was born at Nom Sing Lay Village, Hoy Ping District, Kwantung Province, China.

## III.

In an affidavit attached to said application and executed the same date (February 2, 1951), plaintiff stated he had an aunt in the United States whose name was Chew Fong Shew.

## IV.

On February 21, 1951, the said application for passport was disapproved. The reasons given for disapproval were: “\* \* \* In view of the above discrepancies and the faked photograph, it is the opinion of the undersigned that the claim of applicant as the son of Chew Tai Kam is fraudulent. Applicant’s affidavit was executed by his father’s sister, who has a son living in China who is apparently not presently applying for documentation as an American citizen. The passport application has been disapproved, and the Consulate General has de-



clined to afford applicant facilities for execution of an affidavit enabling him to travel to the United States.”

#### V.

On June 28, 1951, plaintiff filed a complaint for declaratory judgment of citizenship by his next friend, Chew Fong Shew; [21] the jurisdictional basis was set forth as Section 503 of the Nationality Act of 1940 [8 U.S.C. 903]; the verified complaint alleged that Chew Fong Shew was plaintiff's aunt, that plaintiff's father was one Chew Tai Kam who was born in the United States and was an American Citizen, and that plaintiff's mother was one Wong Shee.

#### VI.

On November 6, 1951, a certificate of identity was issued for the sole purpose of enabling plaintiff to enter the United States to judicially prosecute plaintiff's claim for citizenship.

#### VII.

On or about July 11, 1957, plaintiff moved to amend the complaint; and on October 21, 1957, the motion to amend the complaint was granted.

#### VIII.

The amended complaint alleged that plaintiff was the illegitimate son of Chew Fong Shew, who is alleged to be a citizen of the United States by birth in San Francisco; that plaintiff's father is unknown; plaintiff no longer claims citizenship as the son of Chew Tai Kam, but instead alleges he is the son

of Chew Fong Shew, whom plaintiff alleged on the original complaint to be his aunt.

### IX.

Plaintiff alleged in said amended complaint that he, the plaintiff, was denied a right as a national under Section 503 of the Nationality Act of 1940 [8 U.S.C. 903] by virtue of the disapproval of his application for a passport, which disapproval was executed by consular officials in Hong Kong on February 21, 1951.

### Conclusions of Law

#### I.

This Court does not have jurisdiction of the subject matter [22] of this action.

#### II.

Under Section 503 of the Nationality Act of 1940 [54 Stat. 1171, 1172; 8 U.S.C. 903], a jurisdictional prerequisite to bringing suit thereunder is that plaintiff must have been denied a right as a national of the United States.

#### III.

Plaintiff alleges he was denied a right as a national when his application for passport was disapproved on February 21, 1951, by consular officials at Hong Kong; but plaintiff never set forth to the consular officials his claim of citizenship based on the fact that Chew Fong Shew was his mother (not his aunt) and that he was her illegitimate son (and not her nephew).

## IV.

Plaintiff cannot state that if the facts as set forth in his amended complaint were set forth to the consular officials he would be denied a passport; the sole basis for the denial of a passport was the disbelief by the consular officials that plaintiff was the son of Chew Tai Kam; no representative of the United States Government has denied that plaintiff is the illegitimate son of Chew Fong Shew because plaintiff has never before the filing of his amended complaint ever claimed he was the illegitimate son of Chew Fong Shew; the denial of a right must occur prior to the filing of an action.

## V.

Plaintiff has never been denied a right as a national of the United States.

## Judgment

In accordance with the foregoing Finding of Fact and Conclusions of Law, [23]

It Is Ordered:

That the amended complaint on file herein be dismissed.

Dated: 3/10/58.

/s/ HARRY C. WESTOVER,

United States District Judge.

Affidavit of Service by Mail Attached.

[Endorsed]: Filed March 10, 1958. Entered March 12, 1958. [24]

[Title of District Court and Cause.]

## NOTICE OF APPEAL

Please Take Notice that plaintiff herein appeals to the Court of Appeals, Ninth Circuit, from the the judgment entered in the above entitled case on March 12, 1958.

SIDNEY M. KAPLAN and  
SIDNEY BROFFMAN,  
/s/ By SIDNEY BROFFMAN,  
Attorneys for Plaintiff,

Acknowledgment of Service Attached.

[Endorsed]: Filed May 6, 1958.

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[Title of District Court and Cause.]

## DESIGNATION OF RECORD FOR APPEAL

Appellant hereby designates the following record for filing in the appeal of the above entitled case to the United States Court of Appeals, Ninth Circuit:

### I.

Complaint for Declaratory Judgment of Citizenship filed June 28, 1951 in the United States District Court, Northern District of California, under Civil No. 30662.

### II.

Answer to Complaint filed August 16, 1951 in the United States District Court, Northern District of California.

## III.

Amended Complaint for Declaratory Judgment dated October 23, 1957 filed in the United States District Court, Southern District of California.

## IV.

Answer to Amended Complaint for Declaratory Judgment [28] filed October 28, 1957 in United States District Court, Southern District of California.

## V.

Findings of Fact, Conclusions of Law and Judgment, signed by Judge Harry Westover and filed March 3, 1958 in United States District Court, Southern District of California.

Dated: June 24, 1958.

SIDNEY M. KAPLAN &  
SIDNEY BROFFMAN,  
/s/ By SIDNEY BROFFMAN,  
Attorneys for Appellant.

Acknowledgment of Service Attached.

[Endorsed]: Filed June 25, 1958. [29]

[Title of District Court and Cause.]

CERTIFICATE BY CLERK

I, John A. Childress, Clerk of the above-entitled Court, hereby certify that the items listed below constitute the transcript of record on appeal to the United States Court of Appeals for the Ninth Circuit, in the above-entitled matter:

A. The foregoing pages numbered 1 to 32, inclusive, containing the original:

Complaint.

Answer.

Amended Complaint.

Answer to Amended Complaint.

Findings of Fact, Conclusions of Law and Judgment.

Notice of Appeal.

Designation of Record for Appeal.

Designation of Additional Portions of the Record.

B. One volume of Reporter's Official Transcript of Proceedings had on February 21, 1958.

I further certify that my fee for preparing the foregoing record, amounting to \$1.60, has been paid by appellant.

Dated: August 29, 1958.

[Seal]

JOHN A. CHILDRESS,  
Clerk.

/s/ By WM. A. WHITE,  
Deputy Clerk.



In the United States District Court, Southern  
District of California, Central Division

No. 204-57-HW Civil

CHEW WING LUK, Plaintiff,

vs.

JOHN FOSTER DULLES, Secretary of State,  
Defendant.

REPORTER'S TRANSCRIPT OF  
PROCEEDINGS

Los Angeles, California

Friday, February 21, 1958  
10:00 A.M.

Honorable Harry C. Westover, Judge Presiding

Appearances: For the Plaintiff: Sidney Broffman, Esq., Sidney M. Kaplan, Esq. For the Defendant: Laughlin E. Waters, United States Attorney; by Norman Atkins, Assistant United States Attorney. [1]\*

The Clerk: No. 204-57-HW Civil, Chew Wing Luk vs. John Foster Dulles, trial re issue whether there was a denial of right of citizenship.

Mr. Broffman: Ready for the plaintiff, your Honor.

Mr. Atkins: Ready for the government.

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\* Page numbers appearing at top of page of Reporter's Transcript of Proceedings.

The Court: You may proceed. The only thing we are concerned with in this case is the question of a denial of a right.

Mr. Broffman: Yes, your Honor.

The Court: I think I will require the government to present to the court the application that was made.

Mr. Atkins: Yes, your Honor.

The Court: And the denial.

Mr. Atkins: I will have the clerk mark the administrative record under Seal of the State Department.

The Court: It may be marked for identification only.

The Clerk: Defendant's Exhibit A for identification.

(The exhibit referred to was marked Defendant's Exhibit A for identification.)

Mr. Atkins: I am now showing Government's Exhibit A for identification to opposing counsel for inspection. [2]

(Mr. Atkins handing exhibit to counsel.)

Mr. Atkins: The government will offer Exhibit A in evidence, your Honor.

Mr. Broffman: No objection.

The Court: It may be received.

The Clerk: Defendant's Exhibit A in evidence.

(The exhibit referred to was received in evidence and marked as Defendant's Exhibit A.)

Mr. Atkins: Does your Honor wish to examine that at this time?

The Court: No. I suppose that the plaintiff can

take up the burden now. The plaintiff must establish that the affidavit was not right or was not proper or that there had been no denial. The thing I wanted in evidence was the fact that there had been an application filed and the application has been signed by Chew Wing Luk, and that a denial had been made.

Let's see what this says now.

The American Vice Consul in making the denial said:

"In view of the above discrepancies and the faked photograph, it is the opinion of the undersigned that the claim of applicant as the son of Chew Tai Kim is fraudulent. Applicant's affidavit was executed by his father's sister, who has a son living in China who is apparently not presently applying for documentation as an American citizen. The [3] passport application has been disapproved, and the Consulate General has declined to afford applicant facilities for the execution of an affidavit enabling him to travel to the United States."

I wanted to be sure to get that into the record, because I didn't want to make a ruling without there being in the record the application and denial.

Mr. Broffman: At this point, your Honor, also, may I call your attention to the fact that the suit was instituted in the United States District Court in San Francisco on June 28, 1951, which was the date of the filing with the clerk there.

The Court: There is no question, I assume, that the suit was filed in time. There has been no issue about that, although the suit is some six years old.

Nevertheless, as far as I know it was filed in time. The only question I am interested in now is whether or not there had been a denial of the plaintiff's claim on the ground that he was not a citizen.

I assume that the government can rest at this time and the plaintiff can take over and present any evidence it may have on this matter.

Mr. Broffman: Your Honor, we think the government now has the burden of going ahead with the proof. The record of the State Department speaks for itself, that there has [4] been a denial of a claim of citizenship and we, of course, say that is a *prima facie* case of jurisdiction for this court.

The Court: We are coming to the question of procedure and we have this question that was raised the other day. In the trial of a lawsuit, are all the files and records before the court, or is it necessary for the party to present the part of the file which they wish to be part of the record at the time of trial?

We have in the file the original complaint. We have also in the file the amended complaint. The file indicates that the claim as made by the plaintiff to the government was fraudulent.

Is it necessary for the defendant, or the government now to put in the record these various documents or can the court come to a conclusion from reading the file itself?

Mr. Broffman: There is this point. There is no evidence of fraud. We will consider that the application made before the American Consul contains erroneous information, but fraud is something else.

The Court: I don't think that this case can be decided upon the question of fraud. The thing that concerns me is whether or not there can be a denial if the facts are not presented to the government on which to base a denial. If false facts are presented, can there be a legal denial?

Mr. Broffman: It may become very important if these [5] facts were wilfully and deliberately fraudulently made or if they were made in good faith.

The Court: How can there be any other way? Now, it may be that you may be able to show that the plaintiff at the time he made the application did not know that they were fraudulent.

Mr. Broffman: That is what we can show.

The Court: You may be able to establish that. Then I don't know whether it makes any difference whether the plaintiff knew it or not.

Mr. Atkins: That is the position the government has, your Honor.

The Court: Then you have a right to establish it.

Mr. Atkins: Your Honor, the position of the government at this time would be that we are trying the limited issue of denial of a right, that the knowledge of the applicant in Hong Kong as to what he thought the truth was is irrelevant and immaterial to that issue in this case as of now, because whether he knew or not who he was the son of when he made the application in Hong Kong, the record speaks for itself that the denial was predicated on the story he gave them, whether he thought



the story was true or not. We contend he knew the story was not true.

The Court: Counsel, what do you say about the necessity of introducing these documents as evidence in this [6] case, or whether or not the court can consider the file as a whole and come to a conclusion?

Mr. Atkins: It is my opinion, your Honor, that the pleadings filed by the parties are a part of the record and would be so on appeal, and that we have introduced the passport file now, so that your opinion based on the pleadings and the passport file would be sufficient without offering the complaint and amended complaint and those pleadings in evidence, if that is what your Honor has in mind.

The Court: It seems to me it is only common sense to hold that a court in trying a case certainly has before it the pleadings, and the pleadings don't have to be introduced into the record as an exhibit. This matter has only come up very recently in another case, as to whether or not it was necessary to specifically point out in the record the documents that should be considered by the court. I think the court has a right to consider the file as a whole. It is part of the official record here.

Mr. Atkins: I would agree with your Honor. However, if your Honor would feel more secure in having the complaint and amended complaint offered in evidence——

The Court: No, I am not saying that. It is not a question of my security. I am just presenting this to counsel, and if they think it is necessary,



other than just to say the record is before the court, to introduce [7] specifically any of these matters, I will leave it up to the attorneys.

Mr. Broffman: I have no objection to a stipulation that the court file may be considered by the court for the purpose of settling the question of jurisdiction.

Mr. Atkins: I would suggest stipulating them into evidence then. Is that stipulated?

Mr. Broffman: That is stipulated for the limited purpose of deciding the jurisdiction.

The Court: Such may be the stipulation for that limited purpose only.

Mr. Broffman: Does the court desire any evidence as to whether or not the application made to the American Consul was fraudulently made or whether it merely represents a misstatement of facts by the plaintiff?

The Court: Counsel, I assume that if I hold that if there has been no denial, there will be an appeal, and on that assumption I think it would be better for you to bring the party to the stand and let the plaintiff testify, so the Court of Appeals will have the testimony of the plaintiff.

Mr. Broffman: I think that will be desirable.

The Court: It may be possible that the Circuit may say, "Well, if the plaintiff filed an affidavit which was wrong, but which he believed was true, then he shouldn't be penalized." It may be the Circuit will take that point of view. [8]

Mr. Broffman: I think it would be a very important matter, your Honor.

The Court: I would suggest you present any evidence you may have as to the knowledge that the plaintiff had that this was not a true claim.

Mr. Broffman: I call Mr. Chew Wing Luk.

The Court: Are you going to use an interpreter?

Mr. Broffman: Yes.

The Court: Then swear the interpreter.

(Whereupon T. Y. Lin was duly sworn to interpret from English into Chinese and from Chinese into English.)

### CHEW WING LUK

called as a witness, having been first duly sworn, was examined and testified, through the interpreter, as follows:

The Clerk: Will you state your name, please?

The Witness: Chew Wing Luk.

### Direct Examination

Q. (By Mr. Broffman): Where were you born, Mr. Chew?      A. China.

Q. What village or city?

A. Nom Sing Village.

Q. Do you know what province that is in? [9]

A. Kwangtung.

Q. When were you born?

A. 1921. You want it in the international date or what? That is in the Chinese Republic year.

Q. I think we better stick to the American system of reckoning.

A. Sometimes I do not remember or do not know very much about international calendar.

(Testimony of Chew Wing Luk.)

Q. What is the date on your Chinese reckoning?

A. Well, according to Chinese calendar, it is Chinese Republic 10, seventh month, and 10th day.

Q. How long did you live in Nom Sing Village?

Mr. Atkins: I am going to object to the question, your Honor, as being beyond the scope of our issue here today.

The Court: Overruled.

The Witness: I live there up to the time I left to go to Hong Kong.

Q. (By Mr. Broffman): When was that?

A. I think up to CR 36.

Q. How old were you when you left Nom Sing Village?

A. About 21—correction. About 20 or 21 years old.

Q. With whom did you live in Nom Sing Village?

A. With my grandmother, paternal grandmother, and my foster mother. [10]

Q. Up until the time you were about 10 years old, did you live with your father in Nom Sing Village?

A. No.

Q. With whom did you live? Or whom did you regard as your father?

Mr. Atkins: Your Honor, I am going to restate my objection at this time on these grounds. We are apparently about to go through the entire story of the plaintiff at this time. We are not prepared to rebut or present evidence which would rebut or even discredit the credibility of the witness at this

(Testimony of Chew Wing Luk.)

time. We are only prepared and we came to trial today on short notice only by virtue of the fact that we believed we would be trying a limited issue, denial of this person's right in Hong Kong. I believe that this is clear outside the scope, beyond the scope of that issue, and it is irrelevant and immaterial at this time.

The Court: It is purely preliminary. If it is in issue in this case that the plaintiff did not know who his true father and mother were, I think that he should be allowed to so testify.

Mr. Atkins: At this time I would like to make very clear that we object to any testimony and any questions which might be asked on the issue of his knowledge as to the truth or falsity of his claim made to the Consul in Hong Kong. The government's position is that that would be irrelevant. However, [11] if your Honor overrules this objection, we would be at least prepared to cross examine the plaintiff and his mother on the issue of what he did say to the Hong Kong officials, but we are not prepared to go through his entire life history and disprove or prove or corroborate or discredit his testimony on all of these statements which he will make concerning his entire life story.

The Court: I am going to have to overrule the objection, but I am going to limit the plaintiff to very meager proof. All I want is to establish the fact that he lived in a certain village in a certain home and went up to Hong Kong when he was 20 or 21, when he made his application. I don't want

(Testimony of Chew Wing Luk.)

to go into the family relationship except he lived in the village with someone who he supposed was a relative, that's all.

Q. (By Mr. Broffman): Mr. Chew, I show you Exhibit A in this case and show you an application for a passport on the reverse of which there is typed the words Chew Wing Luk, above which are written some characters, apparently in Chinese. Can you identify those characters?

A. I recognize it.

Q. What is it? A. Chew Wing Luk.

Q. Is that your signature? [12] A. Yes.

Q. There is also a picture attached to the same exhibit. Is that your picture? A. Yes.

Q. Turning back to the first page, the front page of the application for passport, about the middle of the page there is, "My father Chew Tai Kim, also known as Sui Fa."

Did you believe that Chew Tai Kim was your father at the time you made this application for passport?

Mr. Atkins: I object to the question, your Honor.

The Court: Overruled.

Mr. Atkins: Can I state the grounds for the objection, your Honor?

The Court: Yes.

Mr. Atkins: I object to the question on the ground it is irrelevant to the issue as to whether this plaintiff was denied the right of a citizen.

The Court: Overruled.

(Testimony of Chew Wing Luk.)

The Witness: At that time I believed he was my father.

Q. (By Mr. Broffman): Did you ever live in the household of Chew Tai Kim?

A. I have lived in his household, but I have never lived together with him in that house. [13]

Q. Did you regard, while you were living with Chew Tai Kim, him as being your father?

Mr. Atkins: Same objection, your Honor.

The Court: Same ruling.

The Witness: At that time I was young. I call him father, but I did not know whether or not he was my true father.

Q. (By Mr. Broffman): Did you believe him to be your father?

A. Yes, I believed he was my father.

The Court: May I inquire, how old were you when you lived in the home with your supposed father?

The Witness: You mean the time when my father lived there?

The Court: Yes.

The Witness: I have never seen him.

The Court: You have never seen him?

The Witness: No, I have never seen him.

Q. (By Mr. Broffman): Is Chew Tai Kim alive?      A. He is dead.

Q. How old were you when he died?

A. About the time he die, I was about 10 years old, but I have never seen him.



(Testimony of Chew Wing Luk.)

The Court: May I inquire, who told you he was your [14] father?

The Witness: That was Wong Shee, my foster mother.

The Court: What do you mean by foster mother?

The Witness: That was my former mother.

The Court: What do you mean by your former mother?

The Witness: That is my mother.

The Court: Is the lady in the court room the person you say was your foster mother?

The Witness: The one in the court, the lady in the court, is the mother who gave birth to me. That is my real mother. But when I talk about former mother, that is the one whom I lived with before at that time. I thought she was my mother.

The Court: Just a minute now. Did the information relative to the alleged father come from your former mother or from your real mother? Strike that.

Who told you that your father, your alleged father was your father, your former mother or your real mother?

The Witness: The former mother told me about that father.

The Court: In your application you say your mother is deceased. Who told you that she was dead?

The Witness: I witnessed her death. But the time she die, I was there, but then——

The Court: This is your foster mother? [15]

(Testimony of Chew Wing Luk.)

The Witness: That's right.

The Court: When did you first see your real mother?

The Witness: I first learn about it some time last year in the summer.

The Court: That is 1957?

The Witness: Yes.

The Court: After you had come to the United States?

The Witness: I beg your pardon. I didn't finish what I wanted to say. But I have seen this lady since I first came to this country, but at that time right after arriving, I used to call her aunt.

The Court: Did you ever see the woman you now identify as your real mother before you came to the United States?

The Witness: I saw her in China.

The Court: When?

The Witness: 1936.

The Court: Was that after the complaint had been filed in this action or before? Strike that. Was that after you had filed your application to come to the United States, or before?

The Witness: What do you mean?

Mr. Broffman: The application is dated 1951, your Honor.

The Court: The application for you to come to the United States was filed on February 2, 1951. Did you see [16] your real mother before February 2, 1951?

(Testimony of Chew Wing Luk.)

The Witness: I saw her before this thing was signed.

The Court: In 1936?

The Witness: 1935 and 1936, a few years, I have seen her a few years.

The Court: Where did you see her?

The Witness: Nom Sing Lee Village.

The Court: In China?

The Witness: Yes.

The Court: When you saw her, did you call her mother, or aunt?

The Witness: Aunt?

The Court: Is your true mother's name Shew Fong?

The Witness: Shew Fong Shew.

The Court: In the file we find an affidavit signed by your mother, which is dated December 8, 1947. Do you know whether or not your mother was in China in 1947, or was she in the United States?

Mr. Broffman: Is that his real mother you are talking about?

The Court: Yes, the real mother.

The Witness: She was in the States.

The Court: Was your real mother in China when you filed the application to come to the United States in February [17] 1951?

The Witness: In the States.

Mr. Atkins: Your Honor, could I have the question and answer?

The Court: Yes. Read it.

(Record read.)

(Testimony of Chew Wing Luk.)

The Court: In the application you gave your father's name as Shew Tai Kim, also known as Sui Fa, born in San Francisco. That is not correct, or not true, is that so?

The Witness: Formerly I consider it was true, but now I know it is false.

The Court: Also in your application you gave your mother's name as Wong Shee, who was deceased. That, also, was not true?

The Witness: Yes, also untrue.

The Court: All right.

Q. (By Mr. Broffman): Mr. Shew, when did you find out the true facts concerning the identity of your mother?

A. It was last summer in your office, you told me to tell the truth about this thing, so the mother told everybody that, "You are my son, true."

Q. At the time you made the application to the American Consul, did you make that application and set forth the information thereon in good faith, believing those [18] matters to be true?

A. That's right.

Q. Do you know where the person you regarded as your father, Chew Tai Kim, died?

A. In the States.

Q. Do you know when he died?

A. I don't know when he died, but I heard of it.

The Court: You said you were present at your foster mother's death.

The Witness: Yes.

(Testimony of Chew Wing Luk.)

The Court: You were not present at your alleged father's death?

The Witness: No.

Mr. Broffman: May I have this marked as an exhibit, please?

The Clerk: Plaintiff's Exhibit 1 for identification.

(The exhibit referred to was marked as Plaintiff's Exhibit No. 1 for identification.)

Mr. Broffman: I have here a certified copy of Chew Tai Kim's death certificate.

Mr. Atkins: I will object to the introduction of that in evidence, your Honor, on the ground it is irrelevant, immaterial and incompetent to the issue we are trying here today. I fail to see how it is relevant at all to the issue we are trying today, your Honor. [19]

The Court: It might be a different situation if the alleged father was entirely fictitious. This may show it was not entirely fictitious. We do have a party who this party claimed to be his alleged father, who actually lived and who is dead.

Mr. Atkins: I will object to the introduction of that document on the ground that there is no adequate foundation laid.

The Court: I will overrule the objection and allow the document to be introduced in evidence for a limited purpose only, that is, to establish the fact that there was a party by the name of Chew Tai Kim, also known as Sui Fa, and that he is dead.

(Testimony of Chew Wing Luk.)

Mr. Broffman: May I also point out, your Honor, that the document shows that there was a residence——

Mr. Atkins: I will object to any part of the document which refers to anything except the proof of death, your Honor.

The Court: I am going to sustain the objection upon the ground that the proper foundation has not been laid. All we have is a photostatic copy.

Mr. Broffman: It is a certified copy, your Honor. That is the way those are issued. It has the seal of the State on it.

The Court: Well, I will only allow it to be introduced [20] for the purpose of showing that there was actually a Chew Tai Kim, also known as Sui Fa, and that he is now deceased.

Mr. Atkins: I will point out for your Honor that the name is spelled J-e-w T-a-i something that looks like K-a-n, but it is not Chew. It is a J.

The Court: When you have tried as many of these cases as I have, you will find out you cannot rely upon the spelling of Chinese names by others.

The Clerk: Plaintiff's Exhibit 1 in evidence.

(The exhibit referred to was received in evidence and marked as Plaintiff's Exhibit No. 1.)

Mr. Broffman: I have no further questions.

### Cross Examination

Q. (By Mr. Atkins): You do not deny that at the time you made the application for a passport,



(Testimony of Chew Wing Luk.)

which is Defendant's Exhibit A, that you listed your father to be Chew Tai Kim, also known as Sui Fa, and your mother to be Wong Shee?

A. I do not deny it.

Q. At the present time do you deny that you are claiming that your mother is a person named Chew Fong Shew, and that your father is unknown? A. Yes. [21]

Mr. Broffman: May I have that question and answer read, please?

The Court: Yes, read it.

(Record read.)

Mr. Broffman: He doesn't deny that.

The Court: Maybe he doesn't understand the question. I think you are right.

Mr. Broffman: The question is confusing.

The Court: It is ambiguous.

Mr. Broffman: He has got a double negative there.

The Court: Instead of saying deny, ask if you claim, and then the answer would be all right. You better rephrase the question.

Q. (By Mr. Atkins): Do you claim at the present time that your real mother is a person named Chew Fong Shew and that your real father is unknown to you? A. Yes.

Q. Is the person you call Chew Shee the same person who is known as Chew Fong Shew?

A. When I say about Chew Shee?

Mr. Atkins: Is that his answer?

The Interpreter: He is asking you.

(Testimony of Chew Wing Luk.)

Mr. Atkins: I will move to strike the answer and ask that the witness be made to answer the question. [22]

The Court: Read the question.

(Question read.)

The Witness: Same person.

Mr. Atkins: May we have a recess, your Honor?

The Court: Yes. We can take a recess. We will recess now until 10 minutes after 11:00.

(Recess.)

Q. (By Mr. Atkins): Is the person Wong Shee the same person as Chew Fong Shew?

A. No, not the same.

Q. Who is Wong Shee?

A. The one died in China.

Q. Who do you mean by "the one"?

A. The one who brought me up.

The Court: Your foster mother?

The Witness: Yes.

Q. (By Mr. Atkins): You claim last summer in the office of Mr. Broffman you learned for the first time that the lady sitting in the court room here, Chew Fong Shew, was your real mother, is that correct?      A. Yes.

Q. Will you give all of the circumstances as best you can recall of that meeting in Mr. Broffman's office?      A. Yes. [23]

Q. What were the circumstances?

A. She said that, "I am telling you now that I am your real mother."

(Testimony of Chew Wing Luk.)

Mr. Atkins: Move that the answer be stricken as not responsive to the question.

The Court: I don't know what you mean by the circumstances. Denied, because I think what was said is part of the circumstances.

Q. (By Mr. Atkins): Who was present at the meeting in Mr. Broffman's office?

A. Mr. Broffman, Mr. Caplan, my mother, and myself.

Q. After you were all present in Mr. Broffman's office, did your mother just speak out of the clear blue sky and say that you were her real son and that she was your real mother?

Mr. Broffman: I object to the question on the ground that it is rather ambiguous, "out of a blue clear sky."

The Court: Although the sky is the same in China as it is over here, I don't know what the meaning is. I will sustain the objection.

Mr. Atkins: I will withdraw the question.

Q. Will you give us the conversations that took place leading up to Chew Fong Shew's statement that you were her [24] son and she was your real mother?

A. She said, "I have spent a lot of effort in getting you to the United States, and I might as well let you know now that I am your real mother."

Q. Did she tell you why she had not told you that she was your real mother previously to the meeting in Mr. Broffman's office?

A. Yes. She said she was not legally married,

(Testimony of Chew Wing Luk.)

but she had me. She didn't dare to tell me about it.

Q. Were you surprised? A. No.

Q. Isn't it true that you consider that the person named Wong Shee, who had previously died in China, didn't you consider that that person was your mother up until the meeting in Mr. Broffman's office? A. Yes.

Q. Then weren't you surprised when you found out that that person was not your real mother and the Chew Fong Chew, whom you had regarded as your aunt for your entire lifetime, weren't you surprised when you found out that Chew Fong Shew was your real mother?

A. A little surprised.

Q. Had you know about it previously?

A. No.

Q. You were just a little bit surprised? [25]

[No answer in copy.]

Q. Have you ever lived in Hong Kong?

A. Yes.

Q. Where did you live in Hong Kong?

A. 116 Connaught Road West.

Q. You lived on the second floor, didn't you?

A. I didn't quite finish. The shop called Wau Wo Cheong.

Q. Are you through now? A. Yes.

Q. You lived on the second floor, did you not?

A. The Chinese, they are third floor, but American call it second floor.

Q. You lived in a room, is that correct?

(Testimony of Chew Wing Luk.)

A. No.

Q. You lived in a cubicle?

A. Not cubicle. People lived there and they use just beds, bed space, rather.

Q. How long did you live there?

A. Over three years.

Q. What date?           A. 1947 to 1951.

Q. When you lived at 116 Connaught Road, did you meet any persons living at that same address?

Mr. Broffman: I don't know whether this is preliminary or what. [26]

The Court: I don't either. Counsel for the government objected and I sustained the objection and only allowed you to make a very sketchy presentation of the fact that he lived with a certain party and he thought that party was his mother and that he thought so-and-so was his father. I didn't allow you to go into any details. What is the purpose of this?

Mr. Atkins: The purpose of this, your Honor, is to show that this person has made statements on the direct issue of what we are trying today, that this is preliminary to that point.

The Court: Overruled.

Q. (By Mr. Atkins): Did you know a person named Fong Se Cheun?           A. I don't know.

Q. You deny that you ever met a person by the name of Fong Se Cheun living at the address 116 Connaught Road between the years 1947 and 1951?

A. Don't know him.

Q. You never met him?

(Testimony of Chew Wing Luk.)

A. Maybe I have met him, but I don't know him.

Q. I show you a photograph which has a picture of three men. Can you identify those three men?

A. I know him, but I don't know what his name is, just somebody living there. You know me, but I don't know you, see, just looking at him. I don't know what is his name. [27] I have seen him.

Q. Which one have you seen?

A. I seen this guy and this guy. I never see this guy. I have seen No. 1 up there and No. 2, but not No. 3, but I don't know the name.

Q. You don't know what No. 1's name is?

A. No.

Q. Have you seen No. 3?

A. No, I never see No. 3. I see No. 1 and No. 2, but I don't know his name, see.

Mr. Atkins: I have neglected to mark this for identification, your Honor.

The Court: It may be marked for identification only.

The Clerk: Defendant's Exhibit B for identification.

(The exhibit referred to was marked as Defendant's Exhibit B for identification.)

Q. (By Mr. Atkins): Will you take a very good look at No. 3 and say whether you have ever seen that person before?



(Testimony of Chew Wing Luk.)

Mr. Broffman: I am going to object to the question as immaterial and irrelevant to the issue before the court this morning.

The Court: Overruled. [28]

The Witness: No. I see No. 1 and No. 2. I have seen only No. 1 and No. 2, but I don't know their names. However, I haven't met No. 3 or seen No. 3.

Q. (By Mr. Atkins): Isn't it a fact that No. 3 is a picture of yourself?

A. Let me see it clear.

Mr. Broffman: I think the record ought to show that the witness has been shown a photograph which is about 2 by 2½ in size, on which there appear three figures with a very dark background, and I leave it to the court to determine how distinct those pictures are.

The Witness: Yes.

Q. (By Mr. Atkins): What does that mean?

A. Yes, that is my picture.

Q. No. 3 is you? A. Yes.

Mr. Atkins: I will offer this photograph in evidence, your Honor.

The Court: It may be received in evidence.

(The exhibit referred to was received in evidence and marked as Defendant's Exhibit B.)

Mr. Broffman: May I object on the ground of its immateriality and irrelevancy? [29]

The Court: Overruled.

The Clerk: Defendant's Exhibit B in evidence.

Q. (By Mr. Atkins): Did you ever talk to the person who is No. 1 in that photograph?

(Testimony of Chew Wing Luk.)

A. I did.

Q. Isn't that person's name Fong Se Cheun?

A. I don't know his name.

Q. You just think hard now.

A. That is the fact.

Q. Can you remember what that person's name is? Might it be Fong Se Cheun?

The Court: I don't think you can ask him if it might be. Anything might happen. He testified he does not know the name. I know a lot of people by face, but I don't know their name.

Q. (By Mr. Atkins): Were you a friend of the person in that picture, No. 1? A. Yes.

Q. Did you ever talk to him?

A. Yes, I talk to him, see, but when I was at Hong Kong I go to play basketball and then for a cup of coffee, that's all.

Q. Just a passing acquaintance? [30]

A. Yes.

Q. Did you ever tell that person, No. 1 in that photograph, that you were going to the United States to join your mother in one of the years between 1947 and 1951?

A. I didn't tell him that I was going to see my mother, but I told him I was going to see my aunt.

Q. Did you ever show him letters from San Francisco, postmarked San Francisco, that were signed "Mother"?

A. I might have, but I don't remember clear.

Q. Did you ever receive letters from any person

(Testimony of Chew Wing Luk.)  
in San Francisco signed "Mother" in the years between 1947 and 1951?

Mr. Broffman: Object to the question unless a foundation is laid as to whom these letters were addressed.

The Court: Well, change your question.

Mr. Atkins: I will withdraw the question.

Q. Your previous answer was that you might have shown him letters signed "Mother." My question now is, did you ever receive letters addressed to you postmarked San Francisco, which were signed "Mother"? A. No.

Q. Was there a person, a cashier on the second floor of 116 Connaught Road, a person who worked as a cashier on the second floor at 116 Connaught Road, what you call the third floor, apparently?

A. Yes.

Q. Do you know what his name is?

A. Fong Ai Won.

Q. Did you know any person who acted as cashier by the name of Chan Hung Tong?

A. I have not met a person by the name of Chan Hung Tong, but I have met Chan Hang Tong.

Q. Was he a cashier on the second floor of 116 Connaught Road in Hong Kong?

A. No. Fong Ai Won was the person who took charge of the accounts.

Q. When you received mail at 116 Connaught Road, Hong Kong, where did you pick it up?

A. Those letters were forwarded to that address by postman. When the postman delivered those let-

(Testimony of Chew Wing Luk.)

ters, it is the fellow by the name Chang Hang Tong who was in charge of that shop, rather a clerk or something, not manager though, but he would sign for receipt and then he pass the letters to me.

Q. Did you receive letters postmarked San Francisco from Chang Hang Tong at 116 Con-naught Road?      A. Yes.

Q. Did you ever tell Chang Hang Tong that those letters were from your mother?

A. I meant aunt-mother, not mother.

Q. You say you meant aunt-mother? [32]

A. Yes. Chinese call the aunt the aunt-mother, not real mother, see. I was calling my auntie my aunt-mother, because I tell them, Chang Hang Tong, is my mother that send me money, just they call it short.

(The witness answered in English from here until further indicated.)

Q. Did you ever tell them it was from your mother?      A. Yes, that is aunt-mother.

Q. Did you tell Chan Hang Tong it was from your mother or from aunt, which?

The Court: He testified he said either.

The Witness: Sometimes I say aunt, sometimes I say mother. The Chinese is aunt-mother and mother. Sometimes I call mother, sometimes I call aunt-mother.

Q. (By Mr. Atkins): Sometimes you told him it was from your aunt?      A. Yes.

Q. And sometimes you told him it was from your mother?

(Testimony of Chew Wing Luk.)

A. Yes, aunt-mother for my aunt. They call them aunt-mother, same thing.

Q. Is there a word in Chinese that means aunt-mother?

A. Yes. Aunt-mother is aunt, you know, Chinese, the aunt-mother, and uncle-father is uncle, the Chinese call them.

Q. I am going to ask you a question and I want you to answer it in Chinese through the interpreter, this one question. [33] When you answer Chang Hang Tong, when you told him that you received these received these registered letters from San Francisco, when you told him who they were from, did you use the Chinese word that means aunt-mother or did you sometimes use the word aunt and sometimes use the word mother?

A. Yes, I did admit to him that I have received letters from the people from San Francisco using this three addresses, this three——

The Court: Let me ask a question of the witness and I want it put in Chinese and I want the answer in Chinese.

What is the word in Chinese that means aunt-mother?

The Witness: There is such a term by the name of aunt-mother in the Chinese language but I can't explain to you why it is called aunt-mother.

The Court: Say the term aunt-mother in Chinese.

(Witness speaking in Chinese.)



(Testimony of Chew Wing Luk.)

The Court: I will ask the interpreter does that mean aunt-mother?

The Interpreter: Yes.

The Court: Translate that word into English.

The Interpreter: One is aunt and one is actually mother, but the two characters have that meaning when translated into English.

The Court: I will ask the interpreter, is there a Chinese term aunt-mother? [34]

The Interpreter: Yes.

The Court: There is such a term?

The Interpreter: Yes.

Q. (By Mr. Atkins): Did you ever tell Chan Hang Tong when you received a letter that it was from your plain mother? A. Yes.

Q. Were those letters which you received, which you told him were from your mother, postmarked San Francisco?

A. Those letters were sent to me by my mother from San Francisco.

Q. Did you tell Chan Hang Tong that they were from your mother?

A. No, I didn't tell him that those are from my mother, but from my aunt.

The Interpreter: He used the term aunt-mother in Chinese.

Q. (By Mr. Atkins): I asked you a question a little while ago in which I said did you ever tell Chan Hang Tong that you had received a letter postmarked San Francisco from your plain mother,



(Testimony of Chew Wing Luk.)

not aunt-mother, and you answered yes, isn't that correct?

Mr. Broffman: I object to the question as assuming some facts not in evidence. The original question was, did you receive letters from your plain mother, the woman he now [35] understands to be his plain mother.

The Court: He has answered the question yes.

Mr. Broffman: He said yes, but the next question was, did you tell this person that you received letters from your mother, and the answer was, "I told him from my aunt-mother."

The Court: Objection overruled.

The Witness: The answer is yes.

Q. (By Mr. Atkins): So sometimes you told Chan Hang Tong it was from your aunt-mother and sometimes you told Chan Hang Tong that these letters which were postmarked San Francisco were from your mother. A. Yes.

Q. Did you know a person named Fong Kum Lim at 116 Connaught Road? A. Yes.

Q. Was he a friend of yours? A. Yes.

Q. Did you tell him you had listed your mother as your aunt in order to go to the United States?

A. Yes.

Q. What year was that?

A. 1948 or 1949, something like that.

Q. Did you understand the question I just asked you? [36] A. Yes.

Mr. Broffman: I wonder if we may have the question read back.

(Testimony of Chew Wing Luk.)

The Court: Read the question again.

(Question read.)

The Witness: Yes.

Mr. Atkins: No further questions, your Honor.  
I don't see any point in asking any more questions.

The Court: You don't have to argue about it.

Any redirect?

Mr. Broffman: I would like to get the last question clarified, if I may.

### Redirect Examination

Q. (By Mr. Broffman): Did you tell this person that you had listed your real mother, that you knew your real mother, and that you put her down as your aunt on the application?

A. I told those people that because those people ask me whether those letters were from my mother and I said yes. However, I meant my aunt.

Q. Do you mean your aunt-mother when you told them you had put down on the application that you were going to your aunt?

The Interpreter: I beg your pardon? [37]

Q. (By Mr. Broffman): Did you intend to tell them that you were going to your aunt-mother?

A. Sometimes they ask me whether I was going to see my mother. I answered them yes. Sometimes I also told them that I was also going to see my aunt.

Q. Was that the same person you had in mind that you told them you were going to see? Is that the same individual when you talk about aunt and

(Testimony of Chew Wing Luk.)

you talk about mother, were you talking about the same person?

Mr. Atkins: Before the answer——

The Witness: Yes.

Mr. Atkins: Was there an answer given?

The Interpreter: "Yes."

Q. (By Mr. Broffman): Is there a Chinese term mother-mother? A. Yes.

Q. And there is another term aunt-mother, is that correct?

Mr. Atkins: I will object to the question, your Honor, on the ground it calls for a conclusion of the witness and he is not qualified as an expert in the Chinese language.

The Court: Overruled.

Mr. Atkins: He can only testify what he means by the words he says. [38]

The Court: Overruled.

The Witness: Yes.

Q. (By Mr. Broffman): Now, did you know that your aunt was your real mother at the time you were in Hong Kong?

A. Don't know.

Mr. Broffman: I have nothing further. Just a moment, please.

The Court: Any questions?

I would like to ask the witness a question before we take our noon recess.

Who is Chew Wing Fook?

The Witness: He is now deceased.

The Court: Who was he before he died?

(Testimony of Chew Wing Luk.)

The Witness: Formerly I consider him as my aunt.

The Court: Aunt?

The Witness: Formerly I recognize him as my elder brother.

The Court: You say he is now dead?

The Witness: Yes.

The Court: When you signed the application to come to the United States on February 2, 1951, did you consider Chew Wing Fook as your brother?

The Witness: Yes.

The Court: Did he live in the same house with you [39] in the village?

The Witness: No, he did not.

The Court: Was he older or younger than you?

The Witness: He was older than I.

The Court: How much?

The Witness: Two years older than I am.

The Court: You never lived with Chew Wing Fook at all?

The Witness: No.

The Court: Where did he live?

The Witness: I don't know where he lived.

The Court: Did you ever see him?

The Witness: Yes.

The Court: Where?

The Witness: In Hong Kong.

The Court: You never saw him before you went to Hong Kong?

The Witness: I saw him.

(Testimony of Chew Wing Luk.)

The Court: You never saw him before you went to Hong Kong?

The Witness: I saw him even before.

The Court: When did you first see him?

The Witness: He was a villager of mine.

The Court: Lived in the same village?

The Witness: Yes. [40]

The Court: Didn't live in the same house?

The Witness: No.

The Court: With whom did he live?

The Witness: I don't know.

The Court: How many houses were in the village?

The Witness: Eight houses.

The Court: And you don't know which house he lived in?

The Witness: Once he had lived in the same house in the village, but I don't know how he came to live in the house and I didn't know where he had gone to.

The Court: How old were you when you left the village?

The Witness: About 25 or 26 years old.

The Court: Was Chew Wing Fook in the village when you left to go to Hong Kong?

The Witness: When I left for Hong Kong, I didn't see him.

The Court: How old were you the last time you remember seeing Chew Wing Fook?

The Witness: About 29.

The Court: Is that in Hong Kong?

(Testimony of Chew Wing Luk.)

The Witness: Yes.

The Court: How old were you when you last saw Chew Wing Fook in the village? [41]

The Witness: About 25.

The Court: You saw Chew Wing Fook when you were about 25 years of age in the village?

The Witness: Yes.

The Court: Do you know what house he was living in at that time?

The Witness: Same house with me.

The Court: How long had he been living in the same house with you?

The Witness: Over 10 years.

The Court: Then he had been living in the same house with you from the time you were 15 years until you were 25 years of age?

The Witness: That's right.

The Court: How many people live in the house?

The Witness: When do you mean?

The Court: Between the time you were 15 and 25 years of age.

The Witness: About six or seven persons.

The Court: Was there a person in the house whom you called mother?

The Witness: Yes.

The Court: Did Chew Wing Fook call this same woman mother?

The Witness: Yes. [42]

The Court: When did you first find out that Chew Wing Fook was not your brother?



(Testimony of Chew Wing Luk.)

The Witness: Last year my mother told me about it.

The Court: In the attorney's office?

The Witness: Yes.

The Court: You thought that Chew Wing Fook was your brother until the time when your mother told you about it in the attorney's office, up until that time you thought Chew Wing Fook was your brother?

The Witness: Yes.

The Court: And Chew Wing Fook is dead?

The Witness: Since I saw him in Hong Kong, I don't see him any more. I heard somebody said that he is dead.

The Court: All right. I haven't any other questions.

Mr. Atkins: I have one or two, your Honor.

#### Recross Examination

Q. (By Mr. Atkins): In Hong Kong, did you ever go by the name of Fong Nie Kim?

A. No, but some people call me by this as my nickname.

Mr. Atkins: No further questions.

The Court: Any other questions? [43]

Mr. Broffman: I haven't any questions.

With the court's permission, I would like to ask the interpreter whether there are two Chinese words, two different Chinese words for the word "surprise."

Mr. Atkins: Mr. Broffman, do you want to call the interpreter?

The Court: Now, counsel, in these cases we are very informal in asking the interpreter for information about the Chinese language. Even interpreters won't agree as to what the Chinese language is or what the words mean.

Mr. Broffman: Earlier in the testimony he used the Chinese word for surprise. Do you mind repeating that word?

The Interpreter: (Complying.)

Mr. Broffman: In another dialect, is there also a Chinese word for the same term?

The Interpreter: What do you mean?

Mr. Broffman: Is there another word that means surprise?

The Interpreter: What dialect are you using? I want to find out that first.

The Court: Well, the witness can testify when she comes on the stand that there are two meanings. I have found out when we try these Chinese cases we cannot evaluate them in the English language or custom. It is impossible.

The Interpreter: I would like to clarify a [44] little by the word I just used. It could be written in the written Chinese. We have such characters to explain those words. There are two characters, but if you pronounce these two characters in different language, it may differ quite a bit. For example, I am using Cantonese here. The two characters are pronounced (speaking Chinese). But in case I use Mandarin to pronounce these two characters, it will

mean (speaking Chinese) completely different. That is why I like to ask you what dialect would you like these characters to be pronounced.

Mr. Broffman: I was wondering whether the word (speaking Chinese) translated into English has the same meaning that you use for surprise.

The Interpreter: Not that I know of, because I don't know what word you are driving at.

Mr. Atkins: May I ask the witness a question?

The Court: Yes.

Mr. Atkins: Do you understand some English?

The Court: It has been apparent that he understands a great deal of English because he has been answering the questions in English sometimes. I find out, however, a lot of these Chinese would rather have the questions put to them in Chinese and answer in Chinese rather than to rely upon the English. This witness understands English to some extent. [45]

Mr. Atkins: I would like to ask the witness, your Honor, if he has any fault to find with the translation or the interpreting that has gone on in this court room today.

The Court: I think that is outside the issue in this case, whether he has any fault to find or not. My experience has been even the interpreters can't agree as to interpretation sometimes.

The Interpreter: Just now I heard the lady speak the see hip. I agree with her there is such a term in see hip. That means surprise exactly in see hip dialect.

The Court: I don't think it makes any difference

whether this witness was a little surprised, greatly surprised, or medium surprised.

The Interpreter: But I was using Cantonese all during the session here.

The Court: We will stand at recess until 2:00 o'clock this afternoon.

(A recess was taken to 2:00 o'clock p.m.) [46]

February 21, 1958, 2:00 o'clock p.m.

The Court: We are waiting for your next witness. Call your next witness.

Mr. Broffman: Chew Fong Shew.

### CHEW FONG SHEW

called as a witness by and on behalf of the plaintiff, being first duly sworn, was examined and testified, through the interpreter, as follows:

The Clerk: Will you state your name?

The Witness: My name is Chew Fong Shew.

### Direct Examination

Q. (By Mr. Broffman): Mrs. Chew, is Chew Wing Luk your son?

A. Yes, Chew Wing Luk is my son.

Q. When was he born?

A. He was born Chinese Republic 10-7-10.

Q. Where was he born?

The Court: Let's have that date translated.

The Interpreter: July 10.

The Court: What year?

The Interpreter: 1921, July 10.

Q. (By Mr. Broffman): Where was he born?

The Court: What is it?

(Testimony of Chew Fong Shew.)

The Interpreter: That is August 13, 1921.

The Witness: No, August 10.

The Interpreter: August 13, 1921.

The Witness: 1921, July 10, I said.

The Interpreter: I am translating the date according to the book.

The Court: May I ask the witness, the Chinese birth date is CR 10-7-10?

The Witness: Yes, Chinese calendar.

Q. (By Mr. Broffman): Where was he born?

A. Nom Sing Lee Village.

Q. Do you know the name of his father?

A. I forget. I don't remember his father's name.

Q. Were you ever married to his father?

Mr. Atkins: I will object, your Honor. We are getting into the whole story now and not limiting ourselves to the issue of the denial.

The Court: Overruled.

The Witness: No marry.

The Court: May I inquire, what was the name of the village?

The Witness: Nom Sing Lee. [48]

Q. (By Mr. Broffman): Did you ever live in China with Chew Wing Luk as his mother?

A. When I was living in Nom Sing Lee, I considered as his aunt, considered him as my nephew.

Q. When did you first tell him that you were his real mother?

A. I went to Mr. Caplan's office and he asked me several times, and I told him the truth last summer.



(Testimony of Chew Fong Shew.)

Q. Before that, before last summer, and while you were in the United States, did you ever write to Chew Wing Luk any letters or postcards?

The Court: Do you need an interpreter?

The Witness: Yes.

The Court: Then don't answer in English, but let the interpreter translate.

The Witness: Sometimes I answer in English and something I don't understand.

The Court: You answer in Chinese.

Now, read the question.

(Question read.)

The Witness: I was living together with him in Los Angeles, so I didn't send any letter to him.

Q. (By Mr. Broffman): While he was in China and you were in the United [49] States, did you send any letters or postcards to him? A. Yes.

Q. Did you write these letters yourself?

A. I asked some of my friends to do it for me.

Q. Do you know how these letters or postcards were signed insofar as your relationship to Chew Wing Luk is concerned?

A. I used the name Chew Fong Shew, but I address him as my nephew.

Q. Did you sign it as mother, aunt, or aunt-mother, or uncle?

A. I sign it Chew Fong Shew and he address me as aunt.

Q. At the end of the letter, did you sign your name yourself or did your friends who wrote the letter sign your name for you?



(Testimony of Chew Fong Shew.)

A. I did not sign those letters. My friends did it for me.

Q. Did you see some of these letters before they were mailed?

A. I didn't see them, but after those letters are written, I just go and buy a stamp and send it over through registered mail.

Q. Did you ever tell your friends or did you ever write yourself at the end of a letter, Mother, Chew Fong Shew? [50]      A. No.

Mr. Atkins: Objection, your Honor. He is leading the witness terribly.

The Court: Overruled.

The Witness: I just told them to have the letters addressed to a nephew.

Mr. Broffman: I have nothing further.

#### Cross Examination

Q. (By Mr. Atkins): You claim you gave birth to Chew Wing Luk in the village of Nom Sing Lee, is that correct?      A. Yes.

Q. There are only eight houses in the village of Nom Sing Lee, are there not?      A. Yes.

Q. And yet all the villagers considered you to be Chew Wing Luk's aunt, not his mother, is that correct?      A. That's right.

Mr. Atkins: No further questions.

The Court: May I ask the witness a question? Do you know a party by the name of Chew Wing Fook?

(Testimony of Chew Fong Shew.)

The Witness: That is my aunt's son, and also the son of Chew Tai Kim.

The Court: Is he dead or alive? [51]

The Witness: Now I don't know because I have received no news about him.

The Court: I don't have any other questions.

Mr. Broffman: I would like to have the interpreter ask the question again as to who Chew Wing Fook is. I don't think she got it correctly.

The Court: Go back and read the question. I said who is Chew Wing Fook.

The Witness: That is my nephew.

The Court: Is that satisfactory? That is what she said before.

Mr. Broffman: She said my brother's son and my aunt and she meant, I am sure, Chew Wing Fook's aunt. It obviously couldn't be her brother's son as well as her aunt's son.

The Witness: That's right. I mean No. 2 brother. I am sorry.

Mr. Broffman: She got the word aunt in there.

The Court: I have no further questions.

Mr. Broffman: I have nothing further.

Mr. Atkins: No further questions.

The Court: You may step down.

(Witness excused.)

The Court: Any other testimony?

Mr. Broffman: That's all. [52]

The Court: Does the government have any other testimony?

Mr. Atkins: No, your Honor.

(Discussion between court and counsel.)

The Court: I am going to find that the plaintiff hasn't been denied a right.

Mr. Atkins: Your Honor, I think I would be obliged to move to dismiss on the basis the court lacks jurisdiction, because there has been no denial of a right.

The Court: That is my ruling, that we don't have any jurisdiction, that is, the plaintiff has no right to be here because he was not denied a right prior to the filing of the complaint. He may have been denied a right after the complaint was filed, or he may be denied a right if he is returned to China, but the theory is he wasn't denied a right prior to the filing of the complaint.

Mr. Broffman: Because the statements on his application were not true or at least were different than from what now are alleged?

The Court: The statements were not true, but the Vice Consul specifically found that he was not the son of Chew Kai Tim.

Mr. Broffman: This court is not bound by that. That is merely a conclusion of the American Consul based on, as far as this court is concerned, a lot of hearsay. May I [53] point out to the court that the State Department issued a certificate of identity and before they can do that they must be satisfied that there was good faith and a substantial basis to the claim.

Mr. Atkins: May I make a correction, your Honor. The only reason a certificate of identity was granted was because the Attorney General allowed

a certificate of identity to be granted and not because the Consul thought there was any good faith involved. The Consul didn't believe there was good faith and denied the passport and certificate of identity. However, the Attorney General, on appeal to the Attorney General, did allow a certificate to be issued. There was no determination of good faith by any Consul in Hong Kong.

Mr. Broffman: If your Honor will carefully look at 503, your Honor will find that good faith and a substantial claim must be established. We certainly do not have to agree with the American Consul. As a matter of fact, there is a constant battle with the American Consuls. They make their decisions upon investigations which may be full of hearsay, rumor, and draw their own conclusions. What they have decided is certainly not evidence, and that is one of the reasons why we have this particular section, so that a man can get a judicial determination, not an administrative determination, of his citizenship. Insofar as this particular issue before us is concerned, I think the only thing that has [54] to be taken into consideration is the application.

The Court: I wish the findings would show that the plaintiff filed an application claiming that his father was Chew Tai Kim and the application was denied on the ground that he was not the son of Chew Tai Kim and that there was no denial of a right prior to the filing of this suit.

I don't think it makes any difference whether the plaintiff believed he was the son of Chew Tai Kim

or whether he didn't believe it. As far as I am concerned, this application might have been made in good faith, but the problem that is presented to me is whether or not when you make a claim that your father is so-and-so, and the Vice Consul determines that is not true and denies the passport, whether that is a denial of a right. If the Circuit says it is a denial of a right then we will just proceed with the testimony here and ascertain what the facts are.

Mr. Atkins: Your Honor, might I address the court on one particular matter?

The Court: All right.

Mr. Atkins: At the beginning of this hearing I stated it was the government's position, and your Honor and I both agreed, it is irrelevant whether the application was made in good faith or not. However, I do believe it might be important for your Honor to make a ruling as to the showing of good faith in order that if a higher court, the Circuit, was [55] interested in it, they would be also very interested in knowing what your appraisal of the testimony of the witnesses was. From the testimony adduced here, I believe it has been shown conclusively that Chew Wing Luk knew far in advance of his making the application for a passport that his true mother, the person who was his natural mother, was Chew Fong Shew, the lady sitting in this court room now, and when he made the application he consciously misstated that. I would suggest or request that perhaps your Honor might make rulings on the issue of good faith and knowledge of his true maternity at the time he made the application.



The Court: No. You started this case on the theory it was immaterial whether there was or was not good faith.

Mr. Atkins: I still maintain that.

The Court: I agree with you.

Mr. Broffman: Just to correct the record, Mr. Atkins indicated before that it was the Attorney General who caused the certificate of identity to be issued so that Chew Wing Luk could come into the United States. Under the statute, it is the Secretary of State that has that authority and I have here a photostat of a letter from the Department of State, Washington, dated October 8, 1951, directed to the attorneys in San Francisco advising that the American Consulate General at Hong Kong has been instructed to issue a certificate [56] of identity to Chew Wing Luk so that he might proceed to the United States in order to testify in his own behalf. That is signed by R. F. Shipley, Chief, Passport Division.

Mr. Atkins: Your Honor, I may have misstated it as Attorney General for Secretary of State. Come to think of it, I am not absolutely certain and it may well be the Secretary of State. The point I was trying to make was that it wasn't the Consul at Hong Kong.

The Court: I want it distinctly understood that I am not deciding at this time and nothing I have said is to be taken as indicating that I have decided that the plaintiff is or is not the son of the alleged mother. The only thing I am deciding is that I don't



have the right to decide this matter because he has not been denied a right.

Mr. Broffman: The only point I am trying to bring to your Honor's attention clearly is that we don't have to believe the American Consul, and the State Department also apparently took issue when they issued the certificate of identity to him.

The Court: Do you want that letter in as part of the record? If you do, I will allow it to go in.

Mr. Broffman: I do not have the original with me. I have a photostat.

The Court: Maybe Mr. Atkins would not object.

Mr. Atkins: I will stipulate. [57]

The Court: Let's put it in the record. I don't know whether it has a thing to do with this case or not. Although I may not agree with you, I do agree with your right that you have the right to appeal and I will do everything I can to protect your record on appeal.

The Clerk: Plaintiff's Exhibit 2 in evidence.

(The exhibit referred to was received in evidence and marked as Plaintiff's Exhibit No. 2.)

The Court: Mr. Atkins, will you prepare the findings in accordance with the ruling?

Mr. Atkins: Yes, your Honor.

The Court: All right. [58]

[Endorsed]: Filed August 7, 1958.

[Endorsed]: No. 16171. United States Court of Appeals for the Ninth Circuit. Chew Wing Luk, Appellant, vs. John Foster Dulles, as Secretary of State, Appellee. Transcript of Record. Appeal from the United States District Court for the Southern District of California, Central Division.

Filed: August 30, 1958.

Docketed: September 4, 1958.

/s/ PAUL P. O'BRIEN,

Clerk of the United States Court of Appeals for the Ninth Circuit.

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United States Court of Appeals  
for the Ninth Circuit

No. 16171

CHEW WING LUK, Appellant,  
vs.

JOHN FOSTER DULLES, as Secretary of State,  
Appellee.

STATEMENT OF POINTS  
BY APPELLANT

The sole question at issue is whether the Court has jurisdiction to decide the citizenship of appellant.

Appellant alleges that the Court has jurisdiction to decide the question of citizenship where the appellant was denied the right of a national of the

United States under Section 503 of the Nationality Act of 1940 (54 Stat. 1171, 1172; 8 USC 903) when he presented to the American Consul, in good faith, an application for a United States passport and such passport was denied but appellant was permitted to proceed to the United States for the sole purpose of obtaining a judicial declaration of his citizenship.

Appellant alleges that the Court has continuing jurisdiction to decide appellant's claim to citizenship even though appellant found newly discovered evidence after he came to the United States and after his original complaint was filed, and presented this newly discovered evidence in an amended complaint to the Court, even though the American Consul was not furnished, and could not have been furnished, the newly discovered evidence, by the appellant, but such newly discovered evidence establishes appellant's citizenship.

SIDNEY BROFFMAN and  
SIDNEY M. KAPLAN,  
/s/ By SIDNEY BROFFMAN.

Proof of Service by Mail Attached.

[Endorsed]: Filed September 13, 1958. Paul P. O'Brien, Clerk.

[Title of Court of Appeals and Cause.]

APPELLEE'S DESIGNATION OF  
RECORD TO BE PRINTED

Now comes the appellee and herewith designates the following to be printed as its Designation of Record on appeal:

1. The entire Reporter's Transcript of Proceedings held at Los Angeles, California, on Friday, February 21, 1958, pp. 1-59.

2. All evidence introduced at the aforesaid proceedings as Exhibits in evidence.

A stipulation will be forthcoming between counsel for appellant and appellee stipulating that the said Exhibits may be considered in their original form and need not be printed.

LAUGHLIN E. WATERS,  
United States Attorney,

RICHARD A. LAVINE,  
Assistant U. S. Attorney,  
Chief of Civil Division,

HENRY P. JOHNSON,  
Assistant U. S. Attorney,

/s/ HENRY P. JOHNSON,  
Attorneys for Appellee.

Affidavit of Service by Mail Attached.

[Endorsed]: Filed September 23, 1958. Paul P. O'Brien, Clerk.

[Title of Court of Appeals and Cause.]

STIPULATION THAT EXHIBITS BE CON-  
SIDERED IN THEIR ORIGINAL FORM  
AND NEED NOT BE PRINTED

It Is Hereby Stipulated, by and between the parties to this appeal, through their respective attorneys of record, that all exhibits received in evidence at the hearing held February 21, 1958, in the instant case be considered by this Honorable Court in their original form and need not be printed.

Dated: September 22, 1958.

SIDNEY BROFFMAN and  
SIDNEY M. KAPLAN,

/s/ By SIDNEY BROFFMAN,  
Attorneys for Appellant.

LAUGHLIN E. WATERS,  
United States Attorney,

RICHARD A. LAVINE,  
Assistant U. S. Attorney,  
Chief of Civil Division,

HENRY P. JOHNSON,  
Assistant U. S. Attorney,

/s/ HENRY P. JOHNSON,  
Attorneys for Appellee.

[Endorsed]: Filed September 26, 1958. Paul P. O'Brien, Clerk.

No. 16171

United States  
Court of Appeals  
for the Ninth Circuit.

CHEW WING LUK,

Appellant,

-VS-

JOHN FOSTER DULLES, as Secretary of State,

Appellee.

APPEAL FROM THE UNITED STATES DISTRICT  
COURT FOR THE SOUTHERN DISTRICT OF CALIF-  
ORNIA, CENTRAL DIVISION.

APPELLANT'S OPENING BRIEF

FILED

JAN 16 1958

PAUL P. O'BRIEN, CLERK

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756 South Broadway  
Los Angeles 14, California

Attorneys for Appellant





United States  
Court of Appeals  
for the Ninth Circuit.

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CHEW WING LUK,

Appellant,

-vs-

JOHN FOSTER DULLES, as Secretary of State,

Appellee.

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United States  
Court of Appeals  
for the Ninth Circuit.

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CHEW WING LUK,

Appellant,

-VS-

JOHN FOSTER DULLES, as Secretary of State,

Appellee.

JURISDICTION

The complaint for declaratory judgment of citizenship was filed in the District Court of the United States, Northern District of California, Southern Division, basing jurisdiction on Section 503 of the Nationality Act of 1940 (8 U.S.C. 903), 28 U.S.C. 1331 and 2201, and the jurisdiction of the court in equity proceedings, (TR, pg. 4). The amended complaint, filed in the District Court of the United States, Southern District of California, Central Division, bases jurisdiction under Section 503 of the Nationality Act of 1940 (8 U.S.C. 903), (TR. pg. 11.)





Both the original complaint and the amended complain allege that appellant was denied a right or privilege as a citizen of the United States by an executive official of a Department of the United States Government. (TR. pgs. 6 and 12).

This court has jurisdiction to hear the appeal from the judgment below under U.S.C. 1291 (65 Stat. 726).

### STATEMENT OF THE CASE

Appellant appeared before the American Consul in Hong Kong and applied for a U. S. passport on February 2, 1951, alleging therein that he was a citizen of the United States by virtue of the fact that his father, Chew Tai Kam, was a native born citizen of the United States. The United States Consul denied appellant's application for a passport, whereupon a complaint for declaratory judgment was filed by appellant by his next friend, Chew Fong Shew, who alleged in said complaint that she was appellant's aunt.

Subsequent to the filing of the complaint, the Secretary of State directed the consul to issue a certificate of identity to appellant, pursuant to Section 503 of the Nationality Act of 1940 (8 U.S.C. 903) in order to enable appellant to come to the United States to prosecute his action for declaratory judgment.

After appellant arrived in the United States and



during the pendency of his action, he learned for the first time that he was an illegitimate child, and that Chew Tai Kam was not his father and that Chew Fong Shew, whom he believed to be his aunt, was his true mother.

Upon discovery of the new facts, appellant promptly filed an amended complaint, alleging that he is nevertheless a citizen of the United States through his mother, a native born citizen of the United States, under Section 205 of the Nationality Act of 1940 (8 U.S.C. 605), and that at the time he was denied a passport of the United States he was a citizen of the United States under said Section 205 of the Nationality Act, which provided as follows:

"The provisions of Section 201, subsections (c) (d) (e) and (g) hereof apply, as of the date of birth, to a child born out of wedlock, provided the paternity is established during minority, by legitimation, or adjudication of a competent court.

"In the absence of such legitimation or adjudication, the child, whether born before or after the effective date of this Act, if the mother had the nationality of the United States at the time of the child's birth, and had previously resided in the United States or one of its outlying possessions, shall be held to have acquired at birth her nationality status."



The lower court decided it had no jurisdiction to hear appellant's claim to citizenship on the ground that appellant had not been denied a right or privilege as a national of the United States under Section 503 of the Nationality Act of 1940 because the Consul denied appellant application for a passport on facts different from the allegations now set forth in the amended complaint, i.e., the denial was on a claim of citizenship of an alleged father, Chew Tai Kam, and there was never a denial of citizenship based on appellant's present claim of citizenship through his mother. Therefore, there having been no denial of a right or privilege as a national under the new facts, the court held it had no jurisdiction to hear the case on its merits.

The fraud or good faith of the appellant was not an element of consideration by the Court.

#### SPECIFICATION OF ERRORS AS TO

#### CONCLUSIONS OF LAW

1. That the Court did not have jurisdiction of the subject matter of this action (TR, pg. 21, par. I).

2. That plaintiff has never been denied a right as a national of the United States (TR, pg. 22, par. V).





ARGUMENT

Section 503 of the Nationality Act of 1940 (8 U.S.C. 903) provides, in its pertinent parts, as follows:

"If any person who claims a right or privilege as as a national of the United States is denied such right or privilege by any Department or agency, or executive official thereof, upon the ground that he is not a national of the United States, such person, regardless of whether he is within the United States or abroad, may institute an action against the head of such Department or agency in the District Court of the United States for the District of Columbia or in the district Court of the United States for the district in which such person claims a permanent residence for a judgment declaring him to be a national of the United States. If such person is outside the United States and shall have instituted such an action in court, he may, upon submission of a sworn application showing that the claim of nationality presented in such action is made in good faith and has a substantial basis, obtain from a diplomatic or consular officer of the United States in a foreign country in which he is residing a certificate of identity stating that his nationality status is



pending before the Court, and may be admitted to the United States with such certificate upon the condition that he shall be subject to deportation in case it shall be decided by the court that he is not a national of the United States . . . . ."

The section requires, as a jurisdictional prerequisite, the denial of a claim of a right or privilege as a national of the United States. It is a denial of the ultimate fact, i.e., the nationality of the United States to a person which is controlling. The statute makes no reference to evidentiary matters or the component parts which, taken together, spell out the manner of acquisition of nationality, and therefore the manner of acquisition of nationality, whether it be through a father, mother, or through birth, is immaterial for jurisdictional purposes.

The lower court, in deciding there was no denial of a right or privilege as a national, really decided there could be no denial unless the Consul had all the facts, whether or not they were known to appellant at the time. But the central issue is whether, in any event, the appellant had a claim as a national. The very reason for the court's jurisdiction is to decide that claim, and the evidentiary matters to be presented at the trial is entirely irrelevant to the proceeding had before the Consul. The court's jurisdiction is not dependent upon the state-



ments made before a Consul but upon the Consul's denial of a passport to a national. Jurisdiction is not based upon the reasons for the denial.

The lower court's reasoning would compel appellant to return to Hong Kong, inform the Consul that he now has learned he is a citizen through his mother, and again apply for a passport; and if that is denied, come to the United States again before the same court to have the same claim adjudicated. The whole round of administrative proceedings would be started again (although under the present law appellant may no longer have the privilege of returning to the United States and may be denied the opportunity of judicial declaration of his nationality). See Section 360, Immigration and Nationality Act of 1952. A similar situation arose in the case of Jiminez v. Glover, 255 F (2) 54, in the construction of Section 360 of the Immigration and Nationality Act of 1952, the successor to the statute in issue here. The court declared that "the language of the McCarran Act does not require us to impute this absurdity to the Congress of the United States. The Congress must speak with a clear voice before courts would be justified in putting such an interpretation upon legislation as would have the effect of withdrawing the possibility of judicial review from a claimant to American citizenship which such claimant had the right to pursue under prior





legislation."

It has been held that as long as a positive denial of a right of national was made before suit, the government could not deprive the court of jurisdiction by thereafter requesting plaintiff for further particulars. And even where there has been a sufficient denial to permit institution of suit and plaintiff was asked for further information, where such request for further particulars was not made until after suit was commenced, the government could not thereby deprive the court of jurisdiction in such proceeding. Cheung v. Dulles, D.C. Mass. 1954, 16 F.R.D. 550; Kenng v. Dulles, 127 Supp. 252. It is submitted that appellant could not deprive the court jurisdiction by the mere act of filing an amended complaint, especially where such amendment was permitted by the court. He could not be penalized because he discovered the truth of his parentage after he came to the United States and after the original complaint, filed by his next friend, was filed. At that time the court already had jurisdiction, and once having acquired jurisdiction concerning the nationality of appellant, the jurisdiction is a continuing one as long as appellant has stated a claim upon which relief can be granted. Linzalone v. Dulles, 120 F. Supp. 107.

The jurisdictional requirement in declaratory actions to establish appellant as a national of the United States is



legislation."

It has been held that as long as a positive denial of a right of national was made before suit, the government could not deprive the court of jurisdiction by thereafter requesting plaintiff for further particulars. And even where there has not been a sufficient denial institution of suit and plaintiff was asked for further information, where such request for further particulars was not made until after suit was commenced, the government could not thereby deprive the court of jurisdiction in such proceeding. Cheung v. Dulles, D.C. Mass. 1954, 16 F.R.D. 550; Kenng v. Dulles, 127 F. Supp. 252. It is submitted that appellant could not deprive the court of jurisdiction by the mere act of filing an amended complaint, especially where such amendment was permitted by the court. He should not be penalized because he discovered the truth of his parentage after he came to the United States and after the original complaint, filed by his next friend, was filed. At that time the court already had jurisdiction, and once having acquired jurisdiction concerning the nationality of appellant, the jurisdiction is a continuing one as long as appellant has stated a claim upon which relief can be granted. Linzalone v. Dulles, 120 F. Supp. 107.

The jurisdictional requirement in declaratory actions to establish appellant as a national of the United States is



an allegation that plaintiff has been denied a right or privilege as a national of the United States. Appellant has done this in his original and amended complaint. (TR, pg. 6, pars. X, XI; pg. 12, par. VIII).

Ngeug v. Dulles, 117 F. Supp. 498

Lee Hong v. Acheson, 110 F. Supp. 60.

Dulles v. Lung, 212 F (2) 73.

### CONCLUSION

The fact that appellant's application for a United States passport erroneously sets forth that he was a citizen through a father does not obviate the fact that he was denied the right or privilege as a citizen of the United States even though he later discovered, after he was in the United States and after suit for declaratory judgment was instituted, that he was really illegitimate and a citizen through his mother.

Appellant's right or privilege as a citizen of the United States having been denied, the jurisdictional prerequisite has been established as alleged in the amended complaint (filed by permission of the court) and the court has jurisdiction to decide the nationality of appellant.

SIDNEY M. KAPLAN  
SIDNEY BROFFMAN

Attorneys for Appellant





No. 16171

IN THE

# United States Court of Appeals

FOR THE NINTH CIRCUIT

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CHEW WING LUK,

*Appellant,*

*vs.*

JOHN FOSTER DULLES, as United States Secretary of  
State,

*Appellee.*

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## APPELLEE'S BRIEF.

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**FILED**

**APR 21 1959**

**PAUL P. O'BRIEN, CLERK**



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*Appellee.*

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## APPELLEE'S BRIEF.

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### Jurisdiction.

Appellant initiated this action in the United States District Court for the Northern District of California. Jurisdiction was invoked pursuant to section 503 of the Nationality Act of 1940, 54 Stat. 1171, 8 U.S.C.A., 1942 ed., 903, sections 1331 and 2201, Title 28, U.S.C.A., and the court's general equitable powers. [Tr. 4.] Subsequently, appellant transferred his suit to the United States District Court for the Southern District of California and filed an amended complaint in which jurisdiction was based solely on section 503 of the Nationality Act of 1940. [Tr. 11.]

It is appellee's position that the court below was correct in holding that it did not have jurisdiction over the subject matter of the complaint, *i.e.*, the power to determine whether or not appellant is a citizen of the United States.



### Statutes Involved.

Section 503 of the Nationality Act of 1940, 54 Stat. 1171, 8 U.S.C.A., 1942 ed., 903, provides in pertinent part:

Sec. 503. If any person who claims a right or privilege as a national of the United States is denied such right or privilege by any department or agency, or executive official thereof, upon the ground that he is not a national of the United States, such person, regardless of whether he is within the United States or abroad, may institute an action against the head of such department or agency . . . for a judgment declaring him to be a national of the United States. If such person is outside the United States and shall have instituted such an action in court, he may, upon submission of a sworn application showing that the claim of nationality presented in such action is made in good faith and has a substantial basis, obtain from a diplomatic or consular officer of the United States in the foreign country in which he is residing, a certificate of identity stating that his nationality status is pending before the court, and may be admitted to the United States with such a certificate upon the condition that he shall be subject to deportation in case it shall be decided by the Court that he is not a national of the United States. . . . from any denial of an application for such certificate the applicant shall be entitled to an appeal to the Secretary of State, . . .

Section 360(a) of the Immigration and Nationality Act of 1952, 66 Stat. 273, 8 U.S.C.A., 1503(a), provides:

Section 360(a). If any person who is within the United States claims a right or privilege as a national of the United States and is denied such right or privi-

lege by any department or independent agency, or official thereof, upon the ground that he is not a national of the United States, such person may institute an action under the provisions of section 2201 of Title 28, against the head of such department or independent agency for a judgment declaring him to be a national of the United States, except that no such action may be instituted in any case if the issue of such person's status as a national of the United States (1) arose by reason of, or in connection with any exclusion proceeding under the provisions of this or any other act, or (2) is in issue in any such exclusion proceeding. An action under this subsection may be instituted only within five years after the final administrative denial of such right or privilege and shall be filed in the district court of the United States for the district in which such person resides or claims a residence, and, jurisdiction over such officials in such cases is conferred upon those courts.

### **Statement of the Case.**

Appellant presented his application for an American passport to the American Consul General in Hong Kong on February 2, 1951. In that application he claimed American nationality through an alleged father, native-born Chew Tai Kam. In an affidavit attached thereto appellant stated that he had an aunt residing in the United States by the name of Chew Fong Shew. After processing these facts, the Consul concluded that they were not true and the passport application was denied.

On June 28, 1951, a complaint was filed on appellant's behalf by his next friend, Chew Fong Shew, setting forth the same facts that were disbelieved by the Consul and

asking for a judicial declaration of appellant's citizenship. On November 6, 1951, appellant secured a certificate of identity from the Secretary of State for the sole purpose of allowing him to come to the United States to prove the factual basis of his claim of citizenship and thereby establish his right to an American passport. The certificate was granted on the ground that appellant's allegations set forth a "substantial basis" for his claim of American nationality.

Once before the United States District Court, however, appellant amended his complaint to state an entirely different factual basis for his alleged nationality. In the amended complaint he admitted that he is not the son of Shew Tai Kam. Instead he claimed nationality through an alleged mother, native born Chew Fong Shew, as her illegitimate son.

The District Court held that it did not have jurisdiction over the subject matter of the action because appellant's claim had never been presented to any department or agency of the federal government, *i.e.*, that appellant had not been denied a right of a national by a department or agency of the government as required by section 503 of the Nationality Act of 1940, 54 Stat. 1171, 8 U.S.C.A., 1942 ed., 903.

The sole question presented by this appeal is whether or not the District Court erred in dismissing the complaint on the ground that it did not have jurisdiction to determine appellant's citizenship.

## ARGUMENT.

### I.

**Appellant May Not Institute an Action Against the Secretary of State Until the State Department or Some Other Branch of the Federal Government Has Had an Opportunity to Pass on the Validity of His Claim.**

Section 503 of the Nationality Act of 1940, 54 Stat. 1171, 8 U.S.C.A., 1942 ed., 903, expressly allows any person to institute an action against the head of a federal department or agency for a judgment declaring him to be a national of the United States, if:

- (1) he has claimed some right or privilege as a national, and
- (2) a department or agency of the federal government has denied him such right or privilege on the ground that he is not a national of the United States.

Appellant claimed the right to travel as an American. The American Consul in Hong Kong denied him that right on the ground that he did not believe the information appellant gave in his passport application to show his American nationality. Appellant now admits that the information which he gave the Consul was false and that the information upon which he now relies to show his nationality has never been presented to a representative of the government. Nonetheless, appellant insists that the Consul's initial denial justifies the court's taking jurisdiction under section 503. He asserts on page 7 of his brief that "jurisdiction is not based upon the reason for

the denial” but rather “upon the Consul’s denial” *per se*. Implicit, however, in that section’s express requirement that a claim be denied by a federal department or agency is the additional requirement that such department or agency be given the opportunity to pass on the validity of the claim.

Appellant’s literal interpretation of section 503 is unreasonable. It would enable a person to satisfy the jurisdictional prerequisite of a “denial” if he entered a consulate, claimed he was an American national, asked for a passport, but refused to fill out the required form or to give information asked thereon. If such a person was told that since he had not shown that he was a national he could not have a passport, there would in a sense be a “denial.” But Congress certainly did not intend that the section be so mechanically interpreted. It seems clear that the courts would hold that the applicant in the supposed case was not entitled to a judicial ruling until the substance of his claim of nationality had at least been presented to some department or agency of the federal government.

In *Garcia v. Brownell*, 236 F. 2d 356 (9th Cir., 1956) this Court rejected the mechanical reading of section 503 now urged by appellant. In that case the appellant had been denied the right to re-enter the United States after a trip to Mexico. Seven months after the initial denial, he again presented himself at the port of entry and was allowed to re-enter. This Court dismissed his petition for a declaration of citizenship brought pursuant to section

503 on the ground that the “denial” upon which he relied has expired.

[A] controversy once existed between appellant appellees. It has long ago been resolved insofar as that particular dispute and the claimed denial of a citizen’s right are concerned.

As in the case supposed above, Garcia was able to show a denial of a right. But this Court was not willing to rip the “denial” out of context and treat the jurisdictional requirements of section 503 as a mechanical formula, *i.e.*, claim of right plus denial thereof. Therefore, it refused to take jurisdiction because after Garcia abandoned his first attempt to re-enter and the immigration authorities permitted him to enter on his second attempt “that particular dispute” had been resolved.

Just as in the supposed case and in the *Garcia* case appellant can point to a “denial” of a right. However, when he abandoned his initial grounds for claiming American nationality, “that particular dispute” which arose as to the validity of those grounds was resolved. At present it is impossible to prophesy whether a second dispute will arise concerning the validity of appellant’s present position. Until some department or agency of the federal government has been given the opportunity to pass on appellant’s allegations, it cannot be said in any realistic sense that appellant has suffered a “denial” of a right for the purposes of section 503 of the Nationality Act of 1940.

This interpretation of section 503 is further supported by legislative history. The Nationality Act of 1940 was



the culmination of five years of work by a committee formed in the House of Representatives. Its purpose was to codify the nationality laws and to tighten the law which enabled persons to hold dual citizenship thus escaping responsibilities to this government. Originally, section 503 was not a part of the Act. It was an amendment talked on by the Senate. Explaining this addition to the House of Representatives, Mr. Rees of Kansas, a chairman of the drafting committee stated:

We have a new situation here, and that is, we are cutting off the claim of citizenship of these thousands of persons under this provision of the bill who do not comply with its terms and therefore it is deemed advisable that some chance be given them to have what might be their day in court . . . It was my contention when this measure was up for consideration in the committee that such people did have the right to go into court either on a declaratory judgment or under a writ of habeas corpus, but there was a feeling on the part of others that they may not have that right. Hearings on H. R. 9980, 76th Cong., 3d Sess., 86 Cong. Rec. 13247.

The discussion of section 503 in the House of Representatives indicates that neither its proponents or opponents intended that the federal courts pass on the validity of a claim of nationality before it was presented to a department or agency of the federal government. In further explaining the added section, Mr. Rees stated:

[Nationals] are persons who owe allegiance to the Government of the United States. We say that if those persons attempt to come back, if they are turned down by the diplomatic representatives of our country abroad, if they are still able to give a substantial reason why they should be admitted as citi-

zens of the United States, and if the Department of State believes there is a substantial reason for doing so, that person may come to this country for the purpose of bringing an action in Court and being heard in this court. . . . *ibid.* 13248.

Mr. Jenkins of Ohio inquired:

. . . We used to say these fellows who are away from here have no right in our courts. But here is a man who has never been here and he has the right to file petition in the United States Court demanding a certificate that he is an American national, and he may use it.

. . . Do you make him establish the fact that he is a national and that he is what he claims to be before he can masquerade all over Europe with a certificate from an American consul saying he is something he is not? . . . *ibid.* 13248.

Mr. Rees replied:

Under the present law the individual, the gentleman from Ohio is talking about, does not have to go through any process at all. If he is still a citizen of the United States, even though born abroad, he does not have to go through any process at all. In this Act we put the burden of proof upon that individual to show that he is a citizen or a national of the United States. Along with that, we have guarded the thing further. After placing power and authority in the hands of the State Department, we give him, as I tried to explain a few moments ago, a day in court. *Ibid.*, 13248.

Only if the “[claimants] are turned down by the diplomatic representatives of our country abroad” and “if they are still able to give a substantial reason why they should be admitted as citizens of the United States” and “if the

Department of State believes there is a substantial reason" may they turn to the courts. Not until the State Department has exercised the "power and authority" vested in it by Congress does the applicant have the right to enter court. It is obvious in this case that the State Department has not exercised its "power and authority" to determine whether or not appellant's present claim "has a substantial basis."

## II.

### Refusal of Jurisdiction by the District Court Places No Hardship Upon Appellant.

Appellant incorrectly contends that he will be subjected to great hardship if the decision below is sustained. Contrary to the assertion on page 7 of his brief, it is not necessary for him to return to China to obtain an administrative ruling on his claim of American nationality. Various alternatives are available to appellant.

First, he can do nothing and wait until the Immigration and Naturalization Service initiates proceedings to determine his deportability. When the order to show cause why he should not be deported is issued, appellant can set forth the facts he relies upon in his amended complaint. If his claim of nationality is rejected by the immigration authorities, appellant may bring an action under section 360 of the Immigration and Nationality Act of 1952 (8 U.S.C. 1503(a)) the successor to section 503 of the Nationality Act of 1940, or section 10 of the Administrative Procedure Act (5 U.S.C. 1009). In either instance he would be entitled to a *de novo* trial on the issue of his nationality. *Frank v. Rogers*, 253 F. 2d 889 (C.A. D.C. 1958); *Delmore v. Brownell*, 236 F. 2d 598 (2d Cir., 1956).

Second, appellant can apply for a passport immediately, setting forth the facts upon which he predicates his nationality. If the State Department denies him a passport on the ground that he is not a national, appellant would again satisfy the requirements of section 360 of the Immigration and Nationality Act of 1952, and thus be entitled to a judicial declaration of his nationality. *Jew May Lune v. Dulles*, 226 F. 2d 796 (9th Cir., 1955).

It should be noted that it lies to appellant's advantage for at least two reasons to have an administrative ruling prior to his entering court. First, he is present in the United States and thus guaranteed the judicial remedies mentioned above in the event that his claim is adversely determined by a federal department or agency. *Jiminez v. Glover*, 255 F. 2d 54 (1st Cir., 1958); *Strupp v. Dulles*, 258 F. 2d 622 (2d Cir., 1958). Thus he is given a double chance to prove his nationality. Second, in the administrative proceeding he will not be hindered by the technical rules of evidence and procedure that govern judicial proceedings. *Wallace Corp. v. N.L.R.B.*, 323 U. S. 248, 253 (1944), reh. den. 324 U. S. 885; *Opp Cotton Mills, Inc. v. Administrator of Wage and Hour Division*, 312 U. S. 126, 155 (1941). Thus he may bring in all relevant evidence to prove his claim in an investigative rather than an adversarial atmosphere.

### III.

**Since Appellant's Claim May Be Upheld if Passed Upon by a Federal Agency, the Court Should Not Be Prematurely Burdened With This Matter.**

Appellant maintains that he is an American national by virtue of being the illegitimate son of Chew Fong Shew who was born in this country. If in fact Chew Fong Shew is native born and is his mother, appellant is en-

titled to a passport and to all other rights enjoyed by American nationals. However, no representative of the federal government has ever been given the opportunity to pass upon the validity of appellant's allegations. Until such time as a federal agency has been presented with his claim neither he nor the court should speculate as to the conclusion that might then be reached.

The doctrine is well established that courts will not intervene and grant judicial relief for supposed or threatened injury until the prescribed administrative action has been taken.

In *Eccles v. Peoples Bank of Lakewood*, 333 U. S. 426, 431 and 434 (1947), the Supreme Court stated:

A declaratory judgment, like other forms of equitable relief, should be granted only as a matter of judicial discretion, exercised in the public interest. [Citations.] It is always the duty of a court of equity to strike a proper balance between the needs of the plaintiff and the consequences of giving the desired relief. *Especially where governmental action is involved, courts should not intervene unless the need for equitable relief is clear, not remote or speculative.*

\* \* \* \* \*

Where administrative intention is expressed but has not yet come to fruition (*Ashwander v. Tennessee Valley Authority*, 297 U. S. 288, 324), or where that intention is unknown (*Great Atlantic & Pacific Tea Co. v. Grosjean*, 301 U. S. 412, 429-30), we have held that the controversy is not yet ripe for equitable intervention. (Emphasis supplied.)

In the *Garcia* case, discussed above, this Court dismissed a petition for declaration of citizenship on the ground that



the appellant had not set forth any presently existing controversy, stating:

Both Statutes [Section 503 of the Nationality Act of 1940 and the Declaratory Judgments Act, 28 USC 2201] relied upon by petitioner are in their nature declaratory relief laws. It has always been, and now is, essential to the maintenance of a declaratory relief action that there be an actual controversy in existence. . . . *Mere possibility, even probability, that a person may in the future be adversely affected by official acts* not yet threatened does not create an "actual controversy" which is a prerequisite created by the clear language of the statute if it is to maintain an action under Section 2201, Title 28, U.S.C.A. Neither does it create a denial of a right or privilege as a National of the United States which is a condition for bringing the action under Section 503 of the Nationality Act of 1940. (Emphasis supplied.)

This Court did not feel that the possibility that Garcia might encounter difficulties on future trips to Mexico (and he had a history of such difficulties prior to the action) justified its assuming jurisdiction. Similarly in this case, the possibility that appellant might fail to establish his claim of nationality when he presents it to a federal agency does not warrant the court's assuming jurisdiction at this stage of proceedings. It is altogether possible that when appellant presents his claim to the Immigration authorities or to the State Department, it will be upheld as meritorious. And if appellant administratively establishes that he is a national of the United States, it will not be necessary for him to seek judicial remedies. In such event the court would be relieved of the burdensome task of conducting a *de novo* trial on the issue of appellant's nationality. Since this procedure imposes no hardship on appellant, no



equitable reason exists for allowing him to skip the administrative step. On the other hand, strong policy reasons exist for requiring appellant to obtain a ruling on his claim by some department of the federal government before burdening the courts.

### Conclusion.

It is respectfully submitted that the decision of the District Court, dismissing the complaint for lack of jurisdiction over the subject matter, be affirmed.

Respectfully submitted,

LAUGHLIN E. WATERS,  
*United States Attorney,*

RICHARD A. LAVINE,  
*Assistant U. S. Attorney,  
Chief of Civil Division,*

CARLA A. HILLS,  
*Assistant U. S. Attorney,  
Attorneys for Appellee.*

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In the  
United States  
Court of Appeals  
For the Ninth Circuit

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In the Matter of the Application for a  
Writ of Habeas Corpus of  
GEORGE V. BAXTER,

*Petitioner,*

v.

B. J. RHAY, As Superintendent of the  
Washington State Penitentiary at  
Walla Walla, Washington,

*Respondent.*

No. 16172 ✓

---

APPEAL FROM THE UNITED STATES  
DISTRICT COURT, EASTERN DISTRICT OF  
WASHINGTON, SOUTHERN DIVISION

HONORABLE SAM M. DRIVER, JUDGE

---

BRIEF OF APPELLEE

---

JOHN J. O'CONNELL,  
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M. LAWRENCE ROSS,  
*Assistant Attorney General,*

STEPHEN C. WAY,  
*Assistant Attorney General,*

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In the  
United States  
Court of Appeals  
For the Ninth Circuit

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In the Matter of the Application for a Writ of Habeas Corpus of GEORGE V. BAXTER,  v. B. J. RHAY, As Superintendent of the Washington State Penitentiary at Walla Walla, Washington,	}	No. 16172
<i>Petitioner,</i>		
<i>Respondent.</i>		

---

APPEAL FROM THE UNITED STATES  
DISTRICT COURT, EASTERN DISTRICT OF  
WASHINGTON, SOUTHERN DIVISION  
HONORABLE SAM M. DRIVER, JUDGE

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BRIEF OF APPELLEE

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JOHN J. O'CONNELL,  
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In the  
United States  
Court of Appeals  
For the Ninth Circuit

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In the Matter of the Application for a Writ of Habeas Corpus of GEORGE V. BAXTER, <i>Petitioner,</i>	}	No. 16172
v.		
B. J. RHAY, As Superintendent of the Washington State Penitentiary at Walla Walla, Washington, <i>Respondent.</i>		

---

APPEAL FROM THE UNITED STATES  
DISTRICT COURT, EASTERN DISTRICT OF  
WASHINGTON, SOUTHERN DIVISION

HONORABLE SAM M. DRIVER, JUDGE

---

BRIEF OF APPELLEE

---

This matter arises upon an appeal of the petitioner from the order of the United States District Court for the Eastern District of Washington, Southern Division, denying petitioner's application for the issuance of a writ of habeas corpus. The District Court assumed jurisdiction over the matter

in accordance with the provisions of Tit. 28, Sect. 2241, U.S.C.A., and this court acquires its jurisdiction over the appeal from the order denying issuance of a writ of habeas corpus under the provisions of Tit. 28, Sect. 2253, U.S.C.A.

### STATEMENT OF PLEADINGS

The appellee accepts the statement of pleadings as set forth in the appellant's brief (Pages 1-4), with the following exceptions:

The opinions of the appellant concerning the actions of the Honorable Sam M. Driver, Judge of the District Court, found in Paragraphs I and IV, found on Page 3, of the appellant's brief. ~~Additionally, the appellant at page 2 of his brief makes reference to having filed a petition for writ of habeas corpus in the Washington State Supreme Court, Cause No. 34269.—~~

### STATEMENT OF THE CASE

The appellee does not accept the statement of the case as set forth by the appellant, and in controversy thereof adopts the Findings of Fact of the District Court (R.O.A. Pages 56 and 57), which, for the convenience of the court, we are setting out in full below:

## FINDINGS OF FACT

## I.

The petitioner was accosted by Seattle police officers in the early morning of October 14, 1954, in a district known as Holly Park in Seattle. Before the officers were able to question him, he took flight. The officers gave chase, and he was subsequently apprehended and placed under arrest. At that time, he remarked, 'Well, you've got me this time.' He was first taken to the Georgetown precinct station and then transferred to the main jail in Seattle proper. Approximately eight hours after he was arrested, he was questioned by another officer, along with a news reporter of the Seattle Times in attendance. He refused to give any written statement or even have a written statement prepared for him, but made other admissions against his interest, such as 'If you were in my position, you would have run, too.' The reason for dropping the sledgehammer at the scene of the crime was 'I didn't want that with me when I was running' and 'It was holding me back' or 'I didn't have a chance with the hammer.'

During this interrogation, the petitioner complained to the questioners that he had been beaten and abused by the arresting officers. Upon being offered the services of a doctor, however, he refused. One of the questioners asked the petitioner to take off his shirt, and both testified that they saw no visible evidence that would demonstrate that the petitioner had been the victim of the type of beating that he had complained of.

## II.

The petitioner was then charged with the crime of second degree burglary. He pleaded not guilty, and a jury trial was held on or about February 10, 1955. During the proceedings, he was represented by counsel. He was found guilty as charged and subsequently was found to be an habitual criminal. On May 16, 1955, he was sentenced to life imprisonment, a term he is now serving. \* \* \*

## APPELLEE'S ARGUMENT

## I.

Appellant in his specification of error numbered I, assigns error to the District Court's summary dismissal of three of the five grounds alleged in appellant's application for a writ of habeas corpus. (R.O.A. 6, 31, 32.)

The District Court found in its order to show cause (R.O.A. 31, 32) that issues numbered I, III and V in the appellant's petition for a writ of habeas corpus (R.O.A. 6), did not state grounds for relief by way of habeas corpus. The court gave its reasons as follows (R.O.A. 31, 32) :

The District Court held that the facts alleged as the basis for relief in three of the five grounds in the appellant's petition (R.O.A. 6), did not, if accepted as true, constitute grounds for the issuance of a writ of habeas corpus. The District Court's authority for the striking of the three allegations

for relief is found at U.S.C.A. Tit. 28, Sect. 2243, which provides in part:

“A court \* \* \* or judge entertaining an application, shall forthwith award the writ \* \* \* unless it appears from the application that the applicant or person detained is not entitled thereto \* \* \* ”

It has been consistently held that this section grants to the trial court the power to summarily dismiss a writ of habeas corpus, or a part thereof, when it does not state facts sufficient to authorize the issuance of a writ of habeas corpus. *Fleish v. Swope*, 226 F. 2d. 310 (9th Cir. 1955); *Lynch v. Johnson*, 160 F. 2d 950 (9th Cir. 1947); *Walker v. Johnson*, 312 U.S. 275 (1941).

Therefore, the issue here presented is not the correctness of the court's act per se, but whether the district court was correct in its conclusion that the facts alleged in appellant's application did not constitute grounds for relief. Since the appellant has set forth each of these grounds as a separate specification of error, the appellee will argue the correctness of the dismissal in accordance with the appellant's specifications of error.

## II.

Appellant in his second specification of error alleges, at page 11 of his brief, that the district court erred when it failed to void appellant's conviction upon the ground that appellant was illegally seized and searched, and that evidence gained as a



result of the illegal search was admitted into evidence at his trial.

Since this issue pertains to one of the grounds summarily denied by the District Court (R.O.A. 31, 32), the appellee will argue the correctness of the court's summary dismissal.

The United States Supreme Court has held that states may not permit the violation of the Fourth Amendment to the United States Constitution, by providing methods or measures which would affirmatively result in such a violation. *Wolf v. Colorado*, 338 U.S. 25 (1949). But that court has also consistently held that whether evidence gained through an illegal seizure and search may be admitted into evidence at the trial of the person so seized is a question for the state courts alone, and that the Fourth Amendment does not deny to the states the power to permit such illegally obtained evidence to be used upon the trial of the accused. *Wolf v. Colorado*, 338 U.S. 25 (1949).

A restricted exception has been engrafted upon this rule by some decisions of the court, based upon the due process clause of the Fourteenth Amendment to the United States Constitution, but this exception has been consistently limited to cases wherein the person of the accused was also physically violated or abused, or some act was perpetrated, which shocked the conscience of the court. See *Rochin v. California*, 342 U.S. 165 (1952), and the cases cited therein.

In *Irving v. California*, 347 U.S. 128 (1954), the United States Supreme Court held, where a person's home was illegally searched and a microphone illicitly placed therein, from which officials obtained admissions and confidences of the accused which were material to his conviction, that such an illegal search and subsequent use of the evidence did not constitute a violation of due process of law, or of the Fourth Amendment to the United States Constitution.

Accordingly, it is clear that even if the Superior Court was in error in permitting the use of evidence obtained through the illegal search and seizure of appellant, such does not constitute a violation of appellant's constitutional rights, and does not supply a basis for the issuance of a writ of habeas corpus.

Therefore, the District Court was correct when it summarily denied the issuance of a writ of habeas corpus upon this alleged ground.

### III.

In appellant's specification of error numbered III, found at page 12 of his brief, appellant seemingly takes exception to the District Court's finding of fact and conclusions of law (R.O.A. 56, 57), that the statements made by the appellant at the scene of the crime and under later interrogation were not the result of coercion.

The appellant testified that the arresting officers beat, kicked and struck appellant with their

pistols. (R.O.A. 44.) Yet, when a disinterested witness observed the appellant body for signs of such beating, none could be found. When the District Court inquired of the appellant as to the likelihood of a gun butt leaving some telltale mark, the appellant answered, "Your honor, at the time I was taken into the station there by Mr. Moody and Mr. Lundall. There was a knot sitting on my head. I am the type that puffs in, some people puff out. I am the type that puffs in. You wouldn't be able to see it or observe it very well, but you certainly would be able to feel it." (R.O.A. 52.)

If there is such a phenomenon, as asserted by the appellant, why did he not ask the person to feel the bumps, and why did he not later consult with a doctor and have the injuries authenticated.

Later, when the District Court asked the appellant for something which might corroborate his testimony, the only offer the appellant would make was the conflicting testimony of the arresting officers on other points. (R.O.A. 53.)

It is apparent from the record that the appellant not only failed to prove that he was beaten, but that appellant also failed to indicate, to the court, any relevant evidence which he might have in regard to such alleged beating.

Accordingly, the District Court acted correctly when it refused to issue a writ of habeas corpus on this ground.

## IV.

Appellant's fourth specification of error, found at page 20 of his brief, is predicated upon the ground that he was denied the opportunity to appeal his conviction.

In his application for a writ of habeas corpus, appellant said, "3. Petitioner was unable to perfect an appeal due to his ignorance of legal procedure in a state which constitutionally guarantees appellate review in *all* cases." (R.O.A. 6.) The District Court summarily dismissed this claim, stating that, "There is no allegation that there was any affirmative action on the part of the State of Washington by its representatives which prevented petitioner from perfecting his appeal." (R.O.A. 32.)

Appellant by this assignment of error, wishes to bring his case within the rule announced in *Griffin v. Illinois*, 351 U.S. 12 (1956). The facts of the Griffin case and the instant case are easily distinguishable. Here appellant did not at any time move for the preparation of the statement of facts at county expense, in accordance with RCW 2.32.240, which provides in part:

" \* \* \* when the defendant in any criminal case shall present to the judge presiding satisfactory proof by affidavit or otherwise that he is unable to pay for such transcript, the judge presiding, if in his opinion justice will thereby be promoted, may order said transcript to be made by the official reporter, which transcript

fee therefor shall be paid out of the county treasury as other expenses of the court are paid."

Before the appellant should be permitted to allege a violation of his constitutional rights, because of a denial of the preparation of a statement of facts, he should first be required to have requested such preparation under the statute quoted above. If appellant did not take advantage of the existing law for the free preparation, how can he show he was injured. It should also be noted here, that there was no allegation the statement of facts was needed to perfect an appeal, or that the statement of facts would be needed to show the alleged error in the trial court.

From the foregoing, it is clear that the District Court was not in error when it summarily dismissed this issue from consideration, as the appellant had failed to allege facts which would give rise to any right to a writ of habeas corpus.

However, such dismissal may be affirmed upon another ground as well. Prior to the time the District Court had summarily dismissed this issue, the appellee had, in his return and answer, asserted that such a denial of the right to appeal had never been presented to a Washington court. (R.O.A. 18.) In answer to this assertion by the appellee, the appellant in his Reply to Respondent's Return and Answer, quoted part of his "Supplement to Reply to Respondent's Return and Answer" filed in the Washington



State Supreme Court on appellant's previous application for a writ of habeas corpus (R.O.A. 28). The quotation set out does not show or even assert that the appellant had raised the question of denial of appeal in a previous application to a Washington court, but only indicated that at one time, the appellant had given notice of appeal. The mere fact that appellant gave notice of appeal does not relieve him of raising the question of a denial of such appeal before a Washington Court.

28 U.S.C.A., Sect. 2254, provides in part:

"An application for a writ of habeas corpus in behalf of a person in custody pursuant to a Judgment of a State Court should not be granted unless it appears that the applicant has exhausted the remedies available in the courts of the State, \* \* \*"

Here the appellee alleged that the appellant had not raised such an issue before a Washington Court. Appellant failed to deny such claim or to show otherwise, so such allegation must be taken as true. Accordingly, the issue may not be raised for the first time in a federal court. *Morgan v. Harrall*, 175 F. 2d 404 (9th Cir. 1949), certiorari denied 338 U.S. 827; *Barton v. Smith*, 162 F. 2d 330 (9th Cir. 1947).

Therefore, whether the District Court properly reasoned its summary dismissal of such issue is not determinative on appeal, as the appellate court may sustain the ruling of the District Court on the foregoing basis, even though the District Court ruling may have been based upon an erroneous reason.



*L. McBrine Co. v. Silverman*, 121 F. 2d 181 (9th Cir. 1941); *Petersen v. Coast Cigarette Vendors*, 131 F. 2d 389 (9th Cir. 1941); *Butterfield v. Wilkinson*, 215 F. 2d 320 (9th Cir. 1954).

## V.

In appellant's specification of error numbered V, appellant alleges, at page 22 of his brief, that the state knowingly used perjured testimony in his trial.

As a basis for this contention, appellant cites, at page 22 of his brief, a partial statement of facts of his trial, prepared and filed in appellant's application for a writ of habeas corpus to the Supreme Court of the State of Washington, which is attached to appellant's brief.

In such statement, the arresting officers tell varied accounts as to the particular time they searched the appellant. However, as pointed out by the District Court (R.O.A. 38), if two descriptions of the same act or situation do coincide precisely, that would seem to be the questionable story. Mere conflict of testimony does not by any standard indicate or prove that one of the narrators, or both, are perjuring themselves. Memory is, at best, a faulty power, and no one seems to have perfected it to a point where it never fails. By showing this conflict in the testimony, the appellant did not prove that the witnesses perjured themselves, and clearly did not show that the state had knowledge or evidence of any perjury.

When the District Court asked the appellant, "What evidence is there here that the prosecutor framed you and used false testimony?" (R.O.A. 39), the appellant replied, "No, I am not claiming the prosecutor framed me or any of the officers or anything else \* \* \* I do not think that they are trying to put something over on me \* \* \*"

By his own testimony the appellant denies that he thinks that the prosecutor or officers attempted to "frame" him. Nor could the appellant point out to the court any evidence of such perjury other than a mere conflict in the testimony. Yet, again he makes this unfounded claim.

While it is true that the knowing use of perjured evidence by the prosecution in a criminal case is a violation of due process, *Mooney v. Holahan*, 294 U.S. 103 (1935), first of all it must be shown that the testimony was perjured. Mere conflict in the testimony does not so indicate. *Edwards v. New York*, 351 U.S. 804 (1956).

Accordingly, appellee submits that the District Court was not in error when it dismissed appellant's application for a writ of habeas corpus on this ground.

## VI.

The appellant in his assignment of error numbered VI, at page 28 of his brief, alleges that his rights of due process under the Constitution of the State of Washington and the United States have

been violated, and that his conviction is void because the lower court failed to dismiss the action on the basis that the information had not been filed within the time prescribed by RCW 10.37.020, and additionally, that the appellant was not tried within the statutory time provided by RCW 10.46.010.

RCW 10.37.020 provides as follows:

“Whenever a person has been held to answer to any criminal charge, if an indictment be not found or information filed against him within thirty days, the court shall order the prosecution to be dismissed; unless good cause to the contrary be shown.”

RCW 10.46.010 provides as follows:

“If a defendant indicted or informed against for an offense, whose trial has not been postponed upon his own application, be not brought to trial within sixty days after the indictment is found or the information filed, the court shall order it to be dismissed, unless good cause to the contrary is shown.”

The Supreme Court of Washington has decided that in order for a defendant to avail himself of the provisions of RCW 10.37.020, he must file a motion to dismiss the charges for delay and such motion must be made before the filing of the information or the defendant's arraignment. *State v. Seright*, 48 W. 307, 93 P. 521; *State v. Lorenzy*, 59 W. 308, 109 P. 1064.

If a defendant who has been informed against is not brought on for trial within sixty days after the

information has been filed, it is incumbent upon the defendant to move to dismiss the information under the provisions of RCW 10.46.010, and upon his failure to do so prior to the matter coming on for trial, our Supreme Court has decided that the accused waives his right under RCW 10.46.010. *State v. Wingard*, 160 W. 132, 295 P. 116; *State v. Austin*, 121 W. 108, 207 P. 954; *State v. Lydon*, 40 W. 2d 88, 241 P. 2d 202; *State v. Thomas*, 1 W. 2d 298, 95 P. 2d 1036; *State v. Todd*, 145 W. 647, 261 P. 397. Also see *Shepherd v. U.S.*, 163 F. 2d 974.

The defendant does not allege that motions were made to dismiss the charges upon the prosecutor's failure to file the information within thirty days, as prescribed by RCW 10.37.020, nor does he allege the filing of a motion to dismiss after sixty days had elapsed from the filing of the information and prior to the trial of the charges filed against him. Under such circumstances, it is the position of the appellee that the appellant waives his rights under the statutes quoted above, and he cannot at this time well complain that his rights of due process have been violated.

Further, it appears from the appellant's statement of pleadings that he was arrested October 15, 1954, information was filed November 29, 1954, and that the matter came on for trial February 10, 1955. So far as the record shows, the trial came on as soon as the orderly conduct of the court would permit, and the time lapse is not so great as would

constitute a violation of the appellant's rights of due process, or right to a speedy trial under the Sixth Amendment of the United States Constitution.

Accordingly, the appellee, having fully answered the assignments of error of the appellant, respectfully submits that the order of the late Honorable Sam. M. Driver, Judge of the United States District Court for the Eastern District of Washington, Southern Division, denying the appellant's application for a writ of habeas corpus, should be affirmed.

Respectfully submitted,

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No. 16173 ✓

SEE ALSO

3096

United States

# Court of Appeals

for the Ninth Circuit

PETER CROCKETT JACKSON, a Minor, by  
JOHN E. WALKER, His Guardian ad Litem,  
Appellant,

vs.

THE UNITED STATES NATIONAL BANK,  
PORTLAND, OREGON, a National Banking  
Association, et al., Appellees.

## Transcript of Record

Appeal from the United States District Court  
for the District of Oregon

FILED

DEC 29 1958

PAUL P. O'BRIEN, CLERK





No. 16173

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United States  
Court of Appeals  
for the Ninth Circuit

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PETER CROCKETT JACKSON, a Minor, by  
JOHN E. WALKER, His Guardian ad Litem,  
Appellant,

vs.

THE UNITED STATES NATIONAL BANK,  
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Association, et al., Appellees.

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Transcript of Record

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Appeal from the United States District Court  
for the District of Oregon

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[Clerk's Note: When deemed likely to be of an important nature, errors or doubtful matters appearing in the original certified record are printed literally in italic; and, likewise, cancelled matter appearing in the original certified record is printed and cancelled herein accordingly. When possible, an omission from the text is indicated by printing in italic the two words between which the omission seems to occur.]

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In The United States District Court  
District of Oregon

No. 8752

PETER CROCKETT JACKSON, a minor, by  
JOHN E. WALKER, his Guardian ad Litem,  
Plaintiff,

vs.

THE UNITED STATES NATIONAL BANK,  
PORTLAND, OREGON, a national banking  
association; DAVID LLOYD DAVIES; THE  
UNITED STATES NATIONAL BANK,  
PORTLAND, OREGON, a national banking  
association, and DAVID LLOYD DAVIES,  
as Executors under the purported will and  
testament of Maria C. Jackson, deceased; THE  
UNITED STATES NATIONAL BANK,  
PORTLAND, OREGON, a national banking  
association, and DAVID LLOYD DAVIES  
and WILLIAM W. KNIGHT, as purported  
Trustees appointed by said purported last will  
and testament; and BLACK WHITE FOUN-  
DATION, a corporation, Defendants.

PETITION FOR APPOINTMENT  
OF GUARDIAN AD LITEM

To the Honorable Judges of the United States  
District Court for the District of Oregon:

The petition of Peter Crockett Jackson and Mar-  
garet L. Kennedy respectfully shows:

1. Peter Crockett Jackson is fourteen (14) years of age. Margaret L. Kennedy is the mother of Peter Crockett Jackson; his father is dead. Margaret L. Kennedy is also the Guardian of the person and estate of Peter Crockett Jackson, having been appointed such Guardian by the Superior Court of the State of California, in and for the County of Los Angeles. At the time of said appointment and ever since, said Peter Crockett Jackson and Margaret L. Kennedy were and now are residents of the County of Los Angeles, State of California.

2. Said Peter Crockett Jackson intends to bring an action in this Court against the parties above named as defendants herein for the purpose of contesting the will of Maria C. Jackson which was admitted to probate in common form in the Circuit Court of Oregon on or about February 7, 1956, together with certain parts of the codicils to said will. Said contest will be based upon the invalidity of the will and parts of the codicils in certain particulars, and upon the information and belief of petitioners that a later will was executed by said testatrix wherein there were devised and bequeathed to Peter Crockett Jackson money and property in a value far in excess of the amount to which he would be entitled under the provisions of said will and codicils heretofore admitted to probate.

3. John E. Walker is an attorney at law, residing in the State of Oregon, duly admitted to prac-

tice in said State and in this Court. He is a fit and proper person to act as Guardian ad Litem for said minor, Peter Crockett Jackson. Your petitioners desire that said John E. Walker shall act as such Guardian ad Litem.

Wherefore, your petitioners pray that said John E. Walker be appointed Guardian ad Litem for Peter Crockett Jackson in this action.

Dated this 31st day of July, 1956.

/s/ PETER CROCKETT JACKSON,  
/s/ MARGARET L. KENNEDY,  
Petitioners.

LIVINGSTON & BORREGARD,  
RICARDO J. HECHT,  
/s/ By LAWRENCE LIVINGSTON,  
Attorneys for Petitioners.

Duly Verified.

[Endorsed]: Filed August 3, 1956.

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[Title of District Court and Cause.]

## ORDER APPOINTING GUARDIAN AD LITEM

Upon petition of Peter Crockett Jackson and Margaret L. Kennedy, his Guardian, and good cause appearing therefor,

It Is Hereby Ordered that John E. Walker be and is hereby appointed Guardian ad Litem for



Peter Crockett Jackson in the above-entitled action.

Dated, this 3rd day of August, 1956.

/s/ GUS J. SOLOMON,  
United States District Judge.

[Endorsed]: Filed August 3, 1956.

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[Title of District Court and Cause.]

## COMPLAINT

### I.

Plaintiff is a minor of fourteen years of age, and brings this suit through John E. Walker, his Guardian ad litem.

### II.

Plaintiff is a resident and citizen of the State of California. Defendant, The United States National Bank of Portland, Oregon, is a national banking association whose principal office and place of business is located in the State of Oregon. Defendant David Lloyd Davies and William W. Knight are residents and citizens of the State of Oregon. The matter in controversy exceeds, exclusive of interest and costs, the sum of Three Thousand Dollars (\$3,000.00).

### III.

Mrs. Maria C. Jackson (hereinafter referred to as "Mrs. Jackson") died on February 3, 1956. As hereinafter appears, plaintiff is, and has been ever since 1953, the only surviving lineal descendant, next of kin, and heir at law of Mrs. Jackson.

#### IV.

On or about February 7, 1956, there was admitted to probate in the Circuit Court of Multnomah County, Oregon, a purported will, and four codicils thereto, purporting to be the Last Will and Testament of Mrs. Jackson. This will is dated January 7, 1948, and the codicils bear dates of February 23, 1950, August 15, 1952, February 27, 1953, and July 8, 1953, respectively. Said will and codicils were admitted to probate in common form, ex parte and without notice to any person whomsoever. True and correct copies of said will and codicils are attached hereto as one exhibit, made a part hereof, and marked Exhibit "A."

#### V.

The value of the estate left by Mrs. Jackson is in excess of Two Million Four Hundred Thousand Dollars (\$2,400,000.00).

#### VI.

Said will was admitted to probate on the application of defendant David Lloyd Davies (hereinafter referred to as "defendant Davies") and defendant The United States National Bank, Portland, Oregon (hereinafter referred to as "defendant Bank"). Said defendants are the executors named in said will, and letters testamentary were issued to them by said court on or about February 7, 1956. Defendant Davies, defendant Bank and defendant William W. Knight (hereinafter referred to as "defendant Knight") are named in said will

as trustees of a purported trust created under the terms thereof.

## VII.

The defendant Black White Foundation is sued herein under a fictitious name because its true name is not known to plaintiff, and plaintiff prays that when said true name is ascertained, he be permitted to amend this complaint in order to set forth said name. Upon information and belief, said Black White Foundation is or will be a corporation. If such corporation has been organized, it is a corporation organized under the laws of the State of Oregon, and it is a resident and citizen of said State. The exact facts concerning said corporation are not known to plaintiff, but are well known to all defendants.

## VIII.

Mrs. Jackson was the widow of Charles Samuel Jackson. Charles Samuel Jackson and Mrs. Jackson had two sons and no other children. These sons were Philip Ludwell Jackson and Francis Clopton Jackson. Philip Ludwell Jackson (hereinafter sometimes referred to as "Philip") had no issue. Francis Clopton Jackson had a son by the name of Charles Samuel Jackson, Jr. Said Francis Clopton Jackson died in 1919, and, shortly thereafter, at a date unknown to plaintiff, upon information and belief, Mrs. Jackson duly and regularly adopted Charles Samuel Jackson, Jr., as her own son according to the laws of the State of Oregon. Charles Samuel Jackson, Philip Ludwell

Jackson, Francis Jackson and Charles Samuel Jackson, Jr. predeceased Mrs. Jackson. Charles Samuel Jackson, Jr., left one child, who is the plaintiff herein.

### IX.

The "Oregon Journal," a daily newspaper published in Portland, Oregon, was founded by Mrs. Jackson's husband, Charles Samuel Jackson, approximately forty-five years ago. Charles Samuel Jackson during his lifetime was publisher and directed the policies of said Oregon Journal. Mrs. Jackson, both during the lifetime of Charles Samuel Jackson and thereafter, took great pride in and had great affection for said newspaper. It was therefore her constant preoccupation and desire to perpetuate and to keep control thereof within the Jackson family. The "Oregon Journal" is, and was at all times material herein, owned and published by the Journal Publishing Company, a corporation.

During his lifetime, Charles Samuel Jackson owned all, or the great majority, of the stock of the Journal Publishing Company, which, on his death, went to his widow, Mrs. Jackson. She retained this stock until her death.

### X.

Defendant Davies is a practicing attorney who was admitted to the bar of the State of Oregon in 1927. Defendant Davies was, at the time of Mrs. Jackson's death and for many years prior thereto, her personal attorney as well as an attorney for

said Journal Publishing Company and the Oregon Journal. As said attorney, defendant Davies had full information and knowledge respecting the nature and value of her properties, including her stock in said Journal Publishing Company. As said attorney, defendant Davies also knew of Mrs. Jackson's desires with respect to said "Oregon Journal." Upon information and belief, defendant Davies was also for many years, and until Philip's death, Philip's personal attorney.

## XI.

On information and belief: Mrs. Jackson reposed great trust and confidence in defendant Davies and had a very high regard for his legal and business ability, and she, therefore, sought and followed his counsel in connection with important family and business matters. Mrs. Jackson also reposed great trust and confidence in Philip and also had a high regard for his business ability, and she, therefore, sought and followed his counsel in connection with all said family and business matters.

## XII.

On information and belief: In making said will, dated January 7, 1948, mentioned in paragraph IV hereof, Mrs. Jackson sought and obtained the advice of Philip and defendant Davies. Defendant Davies is the person who drafted this will and its four codicils.

At the time that this will was under discussion, Philip and plaintiff were the only surviving lineal



descendants of Mrs. Jackson. Philip was then publisher of the Oregon Journal. He was in excess of fifty years of age, his exact age being unknown to plaintiff. He had never had any children. Accordingly, Mrs. Jackson desired, by means of her will, to provide generously for plaintiff and to give him the right and opportunity to come into control of said newspaper as owner, publisher and editor. Philip and defendant Davies were told by Mrs. Jackson of her desires with respect to plaintiff and were asked for their counsel and advice with regard thereto.

### XIII.

On information and belief: At or about the time that Mrs. Jackson sought their advice, as set forth in paragraph XII hereof, defendant Davies and Philip determined Mrs. Jackson would make a will under the terms of which plaintiff would receive nothing, and whereby they would obtain control of her assets, including her stockholdings in the Journal Publishing Company. Pursuant to said determination, Philip and defendant Davies represented to Mrs. Jackson that any disposition of her estate as she desired would result in an assessment of Federal estate taxes which could not be met without selling her shares in the Journal Publishing Company to outsiders who would then gain control of the "Oregon Journal." Philip and defendant Davies also represented to her that in order to preserve the "Oregon Journal," it would be necessary to avoid large estate taxes, and that this could be accomplished only by placing substantially all of



her estate in a tax-free foundation. These representations were and are untrue and known by defendant Davies to be untrue at the time they were made. These representations were either known to be untrue by Philip at said time, or were made negligently and without a reasonable effort to ascertain whether they were true or false.

These representations were and are untrue because said estate has, and had at all times herein material, sufficient assets to pay the Federal estate taxes which would have been assessed, had Mrs. Jackson made a will in accordance with her desires, without having to sell any of her said stockholdings in the Journal Publishing Company. These representations also were and are untrue because the "Oregon Journal" could have been maintained and perpetuated as desired by Mrs. Jackson by leaving her shares in the Journal Publishing Company, and no other property, to a tax-free beneficiary. Mrs. Jackson, because of the great trust and confidence which she reposed in Philip and defendant Davies, believed said representations and relied thereon at all times herein material.

Philip and defendant Davies, and each of them, pursuant to said determination and by means of said representations, induced Mrs. Jackson to execute a will, which would give the entire income of the estate to Philip for life and the remainder to a foundation, which they told Mrs. Jackson would receive the remainder of her estate, free of estate taxes, and in which no provision would be made for plaintiff. In order to accomplish the said pur-

pose, Philip and defendant Davies utilized the trust and confidence which she reposed in them and her fear, well known to them, that the "Oregon Journal" would fall into the hands of strangers, and out of the hands of the Jackson family. By so doing, they were able to and did overcome her volition to the extent that although she desired to provide for plaintiff as aforesaid, she, nevertheless, executed a will which reflected the purposes and desires of Philip and defendant Davies and not her own.

Philip had no desire to provide for anyone else out of his mother's estate. He had neither affection nor regard for plaintiff. By leaving the remainder interest to a supposedly tax-free foundation, and thereby attempting to free the value of said remainder from taxes, Philip expected to and planned to receive the largest possible income for life by minimizing the Federal estate taxes on his mother's estate, thereby preserving the maximum value for the corpus of the estate.

Having set the method of devolving the property of his mother, Philip acted in concert with defendant Davies by means unknown to plaintiff, but well known to defendant Davies, so that defendant Davies prepared a will to accomplish the purposes aforesaid and hereinafter alleged. In said will there was included a clause whereby Mrs. Jackson disinherited her great-grandson by blood and her adopted grandson (then approximately five years of age) in the manner set forth in Article VIII of said will of January 7, 1948.

The foundation was so planned that after the

death of Philip, defendant Davies, defendant Bank and a person selected by defendant Davies would, as trustees, control the foundation, the Oregon Journal, and the Journal Publishing Co. Defendant Davies was then, ever since has been, and now is an attorney for defendant Bank. The Jackson fortune and the prestige of a great newspaper were at all material times, and are now sources of power, influence, and prestige. The trustees holding said fortune and newspaper with plenary powers, and without substantial supervision or interference would be able to place themselves in a position of leadership and social and financial power by virtue of their said control. In addition, the position of trustee would be lucrative, yielding substantial fees for life. In addition, defendant Davies would, either directly or through others, act as legal counsel for the foundation, with additional substantial emoluments.

#### XIV.

In February, 1950, and August, 1952, Mrs. Jackson added codicils to her will, the subject of which was a gift to Stanford University. In the codicils, she ratified and confirmed all the provisions of said will dated January 7, 1948.

On February 27, 1953, after the death of Philip, Mrs. Jackson added a further codicil to her will. Under the terms thereof, she created a trust of One Hundred Fifty Thousand Dollars (\$150,000.00) for the benefit of plaintiff. The residue, comprising substantially all her estate, was left as in the will of January 7, 1948, to said foundation, of which

the defendant Davies was to be one of the trustees. In this codicil, defendant Davies is named co-executor of said will. By means of this instrument, Mrs. Jackson again ratified and confirmed the provisions of said will of January 7, 1948.

On July 8, 1953, Mrs. Jackson executed another codicil to her said will. This codicil contains a provision whereby defendant Davies would be one of a class of persons who, under a certain set of circumstances would be able to buy the stock of said Journal Publishing Company at prices substantially lower than might be obtained if such stock were sold to persons not included in said class. In this codicil, Mrs. Jackson again ratified and confirmed the provisions of her said will of January 7, 1948.

#### XV.

At no time was there ever a disclosure to Mrs. Jackson by any person whomsoever, as to the fact that the representations hereinabove set forth were untrue, although it was the duty of defendant Davies and also of Philip, if he had knowledge of such untruths, to so do. By this concealment, defendant Davies was able, after the death of Philip, to induce Mrs. Jackson, contrary to her natural inclinations, so to amend said will of January 7, 1948, by means of said codicils of February 27, 1953, and July 8, 1953, as to preserve and greatly enhance the privileges and emoluments which were provided for him in said will to the extent stated above. By this concealment, defendant Davies was also able to prevent Mrs. Jackson from making



a will under the terms of which plaintiff would have gained control of the "Oregon Journal," and a substantial portion of the balance of her estate. All of the representations and influences which motivated, induced, and caused the execution of the will of January 7, 1948, likewise induced, motivated and caused the republication of said will in said four codicils, in that nothing occurred in any manner to make Mrs. Jackson suspect or question the representations made to her; and defendant Davies continued to be her trusted and confidential attorney.

#### XVI.

Said Article VI of said purported will of January 7, 1948, ratified and confirmed by the codicils thereto, is not only invalid because it is the product of the undue influence and fraud above alleged, but also because the purposes of the purported charitable trust thereby attempted to be created, are so indefinite and uncertain, that the same cannot be executed and carried out, and because the discretion accorded to the trustees named therein is so wide and indefinite that their consciences cannot be held to the carrying out of a definite and certain purpose under the supervision of a court of equity.

#### XVII.

Upon information and belief: Article VI of said will of January 7, 1948, providing for a foundation, as republished in said codicils, and as amended by the codicils of February 27, 1953, and July 8, 1953, is invalid, and as to the property included in said

article, as republished and amended, Mrs. Jackson died intestate. As Mrs. Jackson's sole heir at law and next of kin, plaintiff, therefore, is entitled to inherit all of the residue of her estate. The invalidity of said article, as republished and amended lies in the fact that although it purports to create a charitable trust, uncertain and indefinite, as here alleged, it actually has for its purpose and achieves the results only of avoiding taxes and of creating a perpetual trust whereby a group of persons, self-perpetuating by appointment, are vested with title to the controlling stock of a corporation, such stock being of a value in excess of One Million Dollars (\$1,000,000.00). Said corporation owns a great and powerful newspaper, which may, pursuant to the trust, be managed and controlled to serve the interests of the self-perpetuating trustees of said stock, with charity as a secondary and subordinate incident. The trustees are given plenary powers, without limitation as to the control, policy, and management of the newspaper; they may keep or sell it; the trustees may even sell stock to themselves upon preferred terms, as provided in the codicil of July 8, 1953. The provisions of said trust are against the public policy of the State of Oregon and create a perpetuity in violation of law.

### XVIII.

On information and belief: At some time subsequent to 1953, unknown to plaintiff, Mrs. Jackson determined to make certain that her wishes as to plaintiff would be carried out; i.e., that he would



come into control of the Oregon Journal and would also ultimately receive the bulk of her estate. She accomplished this by a new will or a codicil, a change in trust provisions, direction to trustees, or by some other means, all unknown to plaintiff. She made known to certain of her friends that she had completed such arrangements for plaintiff, but did not disclose the method whereby her purpose and desire had been accomplished. Such method is known to defendant Davies. By such method, the will and codicils above mentioned have been amended or revoked in such manner that plaintiff will receive far in excess of the One Hundred Fifty Thousand Dollars provided for him in the codicil of February 27, 1953.

### XIX.

Plaintiff does not contest the validity of Article I of the codicil of February 23, 1950, or Article I of the codicil of August 15, 1952, for the reasons hereinafter stated and also because the provisions of said articles are now of no force or effect. Plaintiff does not contest the validity of Article I or Article II of the codicil of February 27, 1953. As to Article I, the legacy to Kathryne Kelly has lapsed because she predeceased Mrs. Jackson. As to Article III, the same will be supererogatory upon adjudication that the will of January 7, 1948, and those portions of the first and second codicils under attack herein are void for any of the reasons stated in this complaint. Plaintiff does not contest the validity of Article I of the codicil of July 8, 1953.

Plaintiff does not contest the articles and portions thereof set forth above, not only for the specific reasons above stated, but also because, upon information and belief, plaintiff alleges that whatever is not contested herein represents the free and untrammelled will of Mrs. Jackson, unaffected by false representations, undue influence, illegality or violation of public policy.

Should it appear that, by any means whatsoever, whether by will, codicil or otherwise, the bequests to Eugene L. Carden in Article I of the codicil of February 27, 1953, and in Article I of the codicil of July 8, 1953, are invalid or ineffective, plaintiff hereby offers to do equity by making appropriate provision by stipulation or otherwise to the end that Eugene L. Carden shall receive whatever is left to him in said codicils. For the reasons stated in this paragraph, said Carden is not joined as defendant herein.

## XX.

In the codicil of February 27, 1953, Mrs. Jackson refers to the last will and testament of Philip, admitted to probate on February 24, 1953. A copy of said last will and testament is hereto annexed and marked "Exhibit B."

Wherefore, plaintiff prays judgment as follows:

1. That the purported will of Maria C. Jackson, dated January 7, 1948, be declared invalid.
2. That the contested portions of the four codicils to said will, as set forth above, be declared invalid.

3. That the trust attempted to be created by the will of Maria C. Jackson be declared invalid.

4. That it be declared that as to all property of any kind or character whatsoever not disposed of by the will of Maria C. Jackson, said Maria C. Jackson died intestate and that plaintiff is her sole heir-at-law and next of kin.

5. As to any method used by Maria C. Jackson to accomplish the purposes set forth in paragraph XVIII of this complaint, appropriate declaration and disposition be made, to the end that the purpose and intent of Maria C. Jackson, accomplished according to law, be made effective.

6. That plaintiff have such other further relief as to the court may seem meet and proper.

7. That plaintiff recover his costs herein incurred.

Dated this 3rd day of August, 1956.

/s/ JOHN E. WALKER,  
LIVINGSTON & BORREGARD,  
/s/ By LAWRENCE LIVINGSTON,  
/s/ RICARDO J. HECHT,  
Attorneys for Plaintiff.

[Exhibits A and B are similar to Exhibits A and B set out at pages 75-111 of this printed record.]

[Endorsed]: Filed August 3, 1956.

[Title of District Court and Cause.]

## AMENDMENT TO COMPLAINT

Plaintiff herein amends his complaint as hereinafter set forth, to-wit:

Amends paragraph XIX commencing on line 22 of page 11 and ending on line 19 of page 12 of the complaint by striking said paragraph XIX from the complaint, and inserting in lieu thereof the following:

### “XIX.

Plaintiff does not contest the validity of Article III of said will of January 7, 1948, which reads as follows:

#### “Article III.

I give and bequeath to each person who shall be in my personal employ at the time of my death an amount equal to \$100 for each year or fraction thereof he or she shall have been in my employ.”

Plaintiff does not contest the validity of Article I of the codicil of February 23, 1950, or Article I of the codicil of August 15, 1952, because the provisions of said articles are now of no force or effect.

Plaintiff does not contest the validity of Article I or Article II of the codicil of February 27, 1953. As to Article I the legacy to Kathryn Kelly has lapsed because she was unrelated to Mrs. Jackson and predeceased Mrs. Jackson. As to Article III of the codicil of February 27, 1953, the same will become supererogatory upon adjudication that the will of January 7, 1948, and those portions of the

first and second codicils which are contested herein are void for any of the reasons stated in this complaint. Plaintiff does not contest the validity of Article I of the codicil of July 8, 1953.

As to any other parts of the will and codicils thereto which are not specifically excepted from the contest set forth in this complaint, plaintiff contests the same upon all of the grounds herein stated. As to the articles and portions thereof which are not contested, plaintiff alleges upon information and belief that they represent, at least to the extent of their contents and purposes, the free and untrammelled will of Mrs. Jackson unaffected by false representations, undue influence, illegality or violation of public policy.

Should it appear that by any means whatsoever, either by will, codicil or otherwise, the bequests to persons who were in the personal employ of Mrs. Jackson at the time of her death, as set forth in Article III of said will, or the bequests to Eugene L. Carden in Article I of the codicil of February 27, 1953, and in Article I of the codicil of July 8, 1953, are invalid or ineffectual for any reason, plaintiff hereby offers to do equity by making appropriate provision by stipulation or otherwise to the end that each person in the personal employ of Mrs. Jackson at the time of her death shall receive an amount equal to \$100 for each year or fraction thereof during which he or she should have been in the employ of Mrs. Jackson, and also to the end that Eugene L. Carden shall receive whatever is

bequeathed to him in said codicils. For the reasons stated in this paragraph said employees and said Carden are not joined as defendants herein.

Wherefore, plaintiff prays judgment as set forth in his complaint.

Dated this 21st day of August, 1956.

/s/ GLENN R. JACK,

/s/ JOHN E. WALKER,

LIVINGSTON & BORREGARD,

/s/ By LAWRENCE LIVINGSTON,

/s/ LAWRENCE LIVINGSTON,

/s/ RICARDO J. HECHT,

Attorneys for Plaintiff.

Designation of the place in Portland where notices and copies may be served herein: c/o John E. Walker, Corbett Building, Portland, Oregon.

[Endorsed]: Filed August 22, 1956.



[Title of District Court and Cause.]

### MOTION TO DISMISS

The defendants move the court to dismiss this action on the ground that the court lacks jurisdiction over the subject matter because the action is essentially a proceeding to contest a will and therefore one within the exclusive jurisdiction of the state probate courts.

Dated this 23rd day of August, 1956.

/s/ ROY F. SHIELDS,

/s/ RANDALL B. KESTER,

MAGUIRE, SHIELDS, MORRISON  
& BAILEY,

Attorneys for Defendants.

Acknowledgment of Service Attached.

[Endorsed]: Filed August 23, 1956.

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[Title of District Court and Cause.]

### MEMORANDUM OF DECISION

Mathes, District Judge:

This cause is now before the court upon defendants' motion to dismiss "on the ground that the court lacks jurisdiction over the subject matter because the action is essentially a proceeding to contest a will and therefore one within the exclusive jurisdiction of the state probate courts."

Original federal jurisdiction has been invoked

solely upon the ground of claimed diversity of citizenship between the parties and the requisite amount in controversy. [28 U.S.C. § 1332(a).]

The jurisdictional facts, as alleged in the amended complaint and admitted by the pending motion, are briefly these: The testatrix, Maria C. Jackson, a citizen and resident of Oregon, died on February 3, 1956, leaving a will and certain codicils. On February 7, 1956, upon the ex parte petition of defendant executors, the will was admitted to probate, in "common form", by the appropriate State Court, the Probate Department of the Circuit Court of Multnomah County, Oregon, and letters testamentary were issued to defendant executors.

Following this ex parte admission to probate, plaintiff, a citizen of California and the minor great-grandson of the testatrix, brought this action by his guardian ad litem against the executors and the testamentary trustees under the will, all citizens of Oregon.

Concededly, then, complete diversity of citizenship exists between plaintiff and all defendants [Fed.R.Civ.P. 17(c); 28 U.S.C. § 1348], and the requisite amount is in controversy. [28 U.S.C. § 1332(a).]

The Constitution provides of course that federal "judicial Power shall extend to \* \* \* Controversies \* \* \* between Citizens of different States." [U.S. Const. art. III, § 2, cl. 1.]

However, Article III, § 2 "simply gives to the

\* \* \* courts the capacity to take jurisdiction \* \* \* It requires an act of Congress to confer it." [Kline v. Burke Construction Co., 260 U.S. 226, 234 (1922); Lockerty v. Phillips, 319 U.S. 182, 187 (1943).]

The Congress has conferred upon the district courts "original jurisdiction of all civil actions" in which diversity of citizenship and the requisite amount in controversy are present. [28 U.S.C. § 1332.]

Use of the term "civil actions" in the 1948 revision of Title 28 of the United States Code did not enlarge the jurisdiction of the district courts beyond that of the time-honored phrase "suits of a civil nature at common law or in equity" employed in the Judiciary Act of September 24, 1789. [1 Stat. 78; *Rosen v. Alleghany Corp.*, 133 F. Supp. 858, 865 (S.D.N.Y. 1955); Reviser's Note to 28 U.S.C. § 1332.]

In the case at bar plaintiff seeks an adjudication as to the validity, construction and alleged subsequent revocation of parts of a will, and as to heirship. The issues so tendered are "Controversies" [*Aetna Life Insurance Co. v. Haworth*, 300 U.S. 227, 240-41 (1937); *Fidelity Nat. Bank & Trust Co. v. Swope*, 274 U.S. 123 (1927); *Tutum v. United States*, 270 U.S. 568, 577 (1926)], clearly within the constitutional dimensions of "judicial Power" [cf. *Fontain v. Ravenel*, 58 U.S. (17 How.) 369, 391-92 (1854).]

However, these "Controversies" do not neces-

sarily fall within the scope of a "civil action" [28 U.S.C. §1332] "at common law or in equity" [1 Stat. 78 (1789)], over which the Congress has conferred jurisdiction upon this court.

In order to determine whether this diversity case can be counted among "all civil actions" within the meaning of 28 U.S.C. § 1332, it is necessary to consider the nature of the relief sought.

In the complaint as amended plaintiff asserts at least four separate claims or causes of action, but these are not stated separately. [Fed.R.Civ.P. 10(b).] First plaintiff seeks an adjudication that certain provisions of the Jackson will and codicils, which establish a testamentary trust, are invalid, because not the will of the testatrix, having been obtained by claimed acts of fraud and undue influence.

Second, plaintiff seeks a judgment declaring that, even if the trust provisions are the will of the testatrix, the testamentary trust is nonetheless invalid, because (a) the purpose of the trust is so indefinite and uncertain, and the powers of the trustees so broad and indefinite, that the trust cannot be enforced by a court of equity; and (b) the trust is perpetual in duration without being primarily charitable in character, and so is a perpetuity in violation of Oregon law.

Third, plaintiff seeks a judgment declaring that certain provisions of the will were amended or revoked by an alleged later, missing will or codicil;

and fourth, a decree that as to all property not found by the court to have been disposed of by will, the testatrix died intestate, leaving plaintiff as her sole heir and next of kin.

Unquestionably, then, all the relief sought in the case at bar is equitable in nature, and necessarily invokes the federal equity jurisdiction. So it is well to recall at the outset that "the general powers of Federal Courts when sitting as courts of equity \* \* \* can be exerted only in cases otherwise within the jurisdiction of those courts as defined by Congress". [Briggs v. United Shoe Mach. Co., 239 U.S. 48, 50 (1915).]

Since complete diversity of citizenship and the requisite amount in controversy are here present, this case is clearly one "otherwise within the jurisdiction of [this court] \* \* \* as defined by Congress." [Ibid.]

In *Twist v. Prairie Oil Co.*, 274 U.S. 684 (1927), Mr. Justice Brandeis declared for the Court that "the trial court \* \* \* may, of its own motion, take the objection that the case is not within the equity jurisdiction \* \* \* But that objection \* \* \* does not go to the power of the Court as a federal Court." [274 U.S. at 691.]

Therefore, the jurisdictional questions raised by the pending motion to dismiss are to be resolved by inquiring into "the general powers of Federal courts when sitting as courts of equity." [Briggs v. United Shoe Mach. Co., *supra*, 239 U.S. at 50.] Specifically,



the problem is to determine whether this court in the exercise of its equity jurisdiction has "the power, that is, the jurisdiction" [*Fauntleroy v. Lum*, 210 U.S. 230, 235 (1908)] to grant the relief prayed.

The equity jurisdiction of the federal district courts, and of the predecessor circuit courts, as it has existed since conferred by enactment of § 11 of the Judiciary Act of 1789 (1 Stat. 78), has never been held to exceed in scope that which the High Court of Chancery in England possessed in 1789. [*Atlas Ins. Co. v. W. I. Southern, Inc.*, 306 U.S. 563, 568 (1939); *Mississippi Mills v. Cohn*, 150 U.S. 202, 205 (1893); *Payne v. Hook*, 74 U.S. (7 Wall.) 425, 430 (1868); *Pennsylvania v. Wheeling & Belmont Bridge Co.*, 59 U.S. (18 How.) 460, 462 (1855).]

As the Court explained in *Atlas Ins. Co. v. W. I. Southern, Inc.*, supra: "The 'jurisdiction' thus conferred on the federal courts to entertain suits in equity is an authority to administer in equity suits the principles of the system of judicial remedies which had been devised and was being administered by the English Court of Chancery at the time of the separation of the two countries." [306 U.S. at 568.]

In 1789, after a will of personal property had been admitted to probate, an action to set aside the will, or parts thereof, upon the grounds of fraud or undue influence upon the testator, or the existence of a later will, was not within the jurisdiction of



England's High Court of Chancery, but was within the exclusive jurisdiction of the English ecclesiastical courts. [*Barnesly v. Powel*, 1 Ves. Sen. 284, 27 Eng. Rep. 1034 (Ch. 1749); *Bennet vs. Vade*, 2 Atk. 324, 26 Eng. Rep. 597 (Ch. 1742); *Kerrich v. Bransby*, 7 Brown's P.C. 437, 3 Eng. Rep. 284 (H.C. 1727); 1 Ballow, a Treatise of Equity 12 (1793); 2 id. 325, 379-80 (1794); 1 Holdsworth, A History of English Law 625-30 (7th ed. 1956); 5 id. 320 (2d ed. 1945); see, e.g.: *Helyar v. Helyar*, 1 Lee 472, 161 Eng. Rep. 174 (Prer. 1754); *Lamkin v. Babb*, 1 Lee 1, 161 Eng. Rep. 1 (Prer. 1752).]

In those eighteenth century days, moreover, wills of real property were not even admitted to probate; and an action to set aside a will of real property, like an action to set aside a deed, was tried at law. [*Webb vs. Claverden*, 2 Atk. 424, 26 Eng. Rep. 656 (Ch. 1742); *Kerrich v. Bransby*, supra, 7 Brown's P.C. 437, 3 Eng. Rep. 284; *Mariott v. Mariott*, 1 Strange 666, 93 Eng. Rep. 770 (Ch. 1726); 1 Ballow, op. cit. supra, at 12.]

Thus it was that, in 1789, the jurisdiction of the English High Court of Chancery did not embrace suits to set aside wills of either real or personal property, either because of fraud or undue influence upon the testator, or because of the existence of a later will.

This want of jurisdiction of the English Court of Chancery, and of the federal courts of equity since 1789, has often been noted by the Supreme Court; and "by a series of decisions it has been

established that since it does not pertain to the general jurisdiction of a court of equity to set aside a will or the probate thereof, or to administer upon the estates of decedents in rem, matters of this character are not within the ordinary equity jurisdiction of the federal courts \* \* \*” [Sutton v. English, 246 U.S. 199, 205 (1918); Farrell v. O’Brien, 199 U.S. 89, 110 (1905); Broderick’s Will, 88 U.S. (21 Wall.) 503, 517, 520 (1874); accord: Markham v. Allen, 326 U.S. 490, 494 (1945); Ellis v. Davis, 109 U.S. 485, 494 (1883).]

As explained in an earlier opinion: “In cases of fraud, equity has a concurrent jurisdiction with a court of law, but in regard to a will charged to have been obtained through fraud, this rule does not hold. It may be difficult to assign any very satisfactory reason for this exception. That exclusive jurisdiction over the probate of wills is vested in another tribunal, is the only one that can be given.” [Gaines v. Chew, 43 U.S. (2 How.) 619, 645 (1844).]

In Markham v. Allen, *supra*, Mr. Chief Justice Stone declared for the Court: “It is true that a federal court has no jurisdiction to probate a will or administer an estate, the reason being that the equity jurisdiction conferred by the Judiciary Act of 1789 \* \* \* which is that of the English Court of Chancery in 1789, did not extend to probate matters.” [326 U.S. at 494.]

Supreme Court interpretation of the limits of the congressional grant of equity jurisdiction has been made “in the light of the tacit assumptions upon

which it is reasonable to suppose the language was used." [Ohio ex rel. Popovici v. Agler, 280 U.S. 379, 383 (1930).] These "tacit assumptions" undoubtedly took note of the accumulated experience of the English courts of 1789 in determining which rights, involving decedents' estates, might be enforced in personam in Chancery, without interfering with the ecclesiastical court's possession of decedents' estates; and the apparent acceptance by the Congress of the 1789 American status quo, which held the concept that "the authority to make wills is derived from the State" [Farrell v. O'Brien, supra, 199 U.S. at 110].

There are considerations of policy too which further limit the scope of federal equity jurisdiction, and especially so where "the power of the Court as a federal court" [Twist v. Prairie Oil Co., supra, 274 U.S. at 691] depends upon diversity of citizenship [28 U.S.C. § 1332].

A federal court will not, as a matter of comity, proceed to a judgment in rem or quasi in rem, if jurisdiction over the res has previously been acquired by and continues in a State court; but may proceed to judgment in personam, adjudicating rights in the res and leaving the in personam judgment to bind as res judicata the court having jurisdiction of the res. [Markham v. Allen, supra, 326 U.S. at 494; Pufahl v. Estate of Parks, 299 U.S. 217, 226 (1936); United States v. Bank of New York, 296 U.S. 459, 477-78 (1936); Kline v. Burke Construction Co., supra, 260 U.S. 226; Sutton v.

English, *supra*, 246 U.S. at 205; *Waterman v. Canal-Louisiana Bank & Trust Co.*, 215 U.S. 33, 44 (1909); *Yonley v. Lavender*, 88 U.S. (21 Wall.) 276 (1874).]

The repeated assertion of this principle of comity has made it a "rule of general application" [*Byers v. McAuley*, 149 U.S. 608, 614 (1892)], but the particular application of it remains, as with other discretionary refusals to exercise jurisdiction, a "question \* \* \* of discretion in every case" [*The Maggie Hammond*, 76 U.S. (9 Wall.) 435, 457 (1869)].

The justification for this policy refusal to exercise federal jurisdiction in rem, in cases where the State court has prior jurisdiction of the res, is "to avoid unseemly and disastrous conflicts in the administration of our dual judicial system, \* \* \* and to protect the judicial processes of the court first assuming jurisdiction" [*Penn General Casualty Co. v. Pennsylvania*, 294 U.S. 189, 195 (1935)]; since "to give effect to its jurisdiction, the court must control the property. The doctrine is necessary to the harmonious cooperation of the federal and state tribunals" [*Princess Lida v. Thompson*, 305 U.S. 456, 466 (1938)].

The applicability of the principle to cases involving decedents' estates is most compelling when it is borne in mind that: "The public interest requires that the estates of deceased persons, being deprived of a master, and subject to all manner of claims, should at once devolve to a new and competent ownership; and, consequently, that there should be some

convenient jurisdiction and mode of proceeding by which this devolution may be effected with least chance of injustice and fraud; and that the result attained should be firm and perpetual." [Broderrick's Will, *supra*, 88 U.S. (21 Wall.) at 509.]

In the case at bar then, the Jackson estate being now in process of probate in the Oregon state court, this court would not, as a matter of comity, proceed to a judgment in rem, even to grant relief clearly within the federal equity jurisdiction; but would proceed only "where the final judgment does not undertake to interfere with the state court's possession save to the extent that the state court is bound by the judgment to recognize the right adjudicated by the federal court." [Markham v. Allen, *supra*, 326 U.S. at 494.]

Moreover, since *Erie R. R. v. Tompkins*, 304 U.S. 64 (1938), there is to be considered the further policy limitation that, inasmuch as "a federal court adjudicating a state-created right solely because of the diversity of citizenship of the parties is for that purpose in effect only another court of the State" [Guaranty Trust Co. v. York, 326 U.S. 99, 108 (1945)], federal diversity jurisdiction, even over suits in equity which fall within the scope of 1789 jurisdiction of the English High Court of Chancery, should be disavowed as to actions "to which the State had closed its courts" [Woods v. Interstate Realty Co., 337 U.S. 535, 537 (1949); Griffin v. McCoach, 313 U.S. 498, 507 (1941); cf. Williams v.



Minnesota Mining & Mfg. Co., 14 F.R.D. 1, 9 (S.D. Cal. 1953)].

Permissive disavowal of federal diversity jurisdiction is not without limits, of course; for the Supreme Court has repeatedly decided "that the jurisdiction of the courts of the United States over controversies between citizens of different States cannot be impaired by the laws of the states \* \* \* which regulate the distribution of their judicial power." [Hyde v. Stone, 61 U.S. (20 How.) 170, 175 (1857); Payne v. Hook, *supra*, 74 U.S. (7 Wall.) at 430; McClellan v. Carland, 217 U.S. 268, 281 (1910); Waterman v. Canal-Louisiana Bank & Trust Co., *supra*, 215 U.S. at 43; Arrowsmith v. Gleason, 129 U.S. 86, 98, 101 (1888); Gaines v. Fuentes, 92 U.S. 10 (1875); Broderick's Will, *supra*, 88 U.S. (21 Wall.) at 520; Looney v. Capital Nat. Bank, 235 F.2d 436, 437 (5th Cir.), cert. denied, 352 U.S. 925 (1956).]

Thus it is that although "the essence of diversity jurisdiction is that a federal court enforces State law and State policy" [Angel v. Bullington, 330 U.S. 183, 191 (1947); Griffin v. McCoach, *supra*, 313 U.S. at 507], the federal courts may entertain actions, within their diversity and historic-equity jurisdiction, involving claims to decedents' estates, "notwithstanding the fact that the laws of the State \* \* \* limit the right to establish such demands to a proceeding in the probate courts of the State" [Security Trust Co. v. Black River Nat. Bank, 187 U.S. 211, 227 (1902); cf: Griffith v. Bank of New



York, 147 F.2d 899 (2d Cir.), cert. denied, 325 U.S. 874 (1945); *Blacker v. Thatcher*, 145 F.2d 255, 257 (9th Cir. 1944)].

In *Payne v. Hook*, *supra*, the Court explained: "The equity jurisdiction conferred on the Federal Courts is the same that the High Court of Chancery in England possesses; is subject to neither limitation or restraint by State legislation, and is uniform throughout the different States of the Union." [74 U.S. (7 Kall.) at 430; cf: *Ohio ex rel Popovici v. Agler*, *supra*, (divorce) 280 U.S. at 383-84; *Barry v. Mercein*, (custody) 46 U.S. (4 How.) 103, 119-20 (1847); *Albanese v. Richter*, (support) 161 F.2d 688, 689 (3rd Cir.), cert. denied, 332 U.S. 782 (1947).]

If then a right involving a decedent's estate is such as would have been enforceable in the English Court of Chancery in 1789, and is such as would be enforceable in an action in personam in some court—even a probate court—of the State, a suit to enforce that right may be maintained in a federal court of equity as an action in personam, if diversity of citizenship and the requisite jurisdictional amount exist. [*Markham v. Allen*, *supra*, 326 U.S. at 494; *Waterman v. Canal-Louisiana Bank & Trust Co.*, *supra*, 215 U.S. at 43; *Payne v. Hook*, *supra*, 74 U.S. (7 Wall.) at 430; *id.* 81 U.S. (14 Wall.) 252 (1871).]

On the other hand, if a right involving a decedent's estate is by state law made enforceable in an action in personam in a State court—rather than

solely in rem in probate proceedings, a diversity suit to enforce the right in the federal courts is a "civil action" within 28 U.S.C. § 1332.

This was the ground upon which jurisdiction was sustained in Broderick's Will, *supra*, where the Court said: "Whilst it is true that alterations in the jurisdiction of the State courts cannot affect the equitable jurisdiction of the Circuit [District] Courts of the United States, so long as the equitable rights themselves remain, yet an enlargement of equitable rights may be administered by the Circuit [District] Courts, as well as by the courts of the State." [88 U.S. (21 Wall.) at 520.]

So it is that "where a State, by statute or custom, gives to parties interested the right to bring an action \* \* \* to annul a will or to set aside the probate, the courts of the United States, where diversity of citizenship and a sufficient amount in controversy appear, can enforce the same remedy, but \* \* \* this relates only to independent suits, and not to procedure merely incidental or ancillary to the probate \* \* \*" [Sutton v. English, *supra*, 246 U.S. at 205.]

State-created means for the enforcement of a right involving a decedent's estate by a plenary suit or action in personam, rather than in rem in probate proceedings, will be recognized in the federal courts in diversity cases, regardless of whether the state-created means be denominated a state-created right or a state-created remedy. [Sutton v. English, *supra*, 246 U.S. at 205; Farrell v. O'Brien, *supra*,

199 U.S. at 110; *Ellis v. Davis*, *supra*, 109 U.S. at 494-97; *Broderick's Will*, *supra*, 88 U.S. (21 Wall.) at 519-20; *Looney v. Capital Nat. Bank*, *supra*, 235 F.2d at 438; *McClendon v. Straub*, 193 F.2d 596 (5th Cir. 1952); *Sawyer v. White*, 122 Fed. 223, 227 (8th Cir. 1903); *Williams v. Crabb*, 117 Fed. 193 (7th Cir.), cert. denied, 187 U.S. 645 (1902); *McCan v. First Nat. Bank*, 139 F.Supp. 224 (D.Ore. 1954), aff'd, 229 F.2d 859 (9th Cir. 1956); accord: *Gaines v. Fuentes*, *supra*, 92 U.S. at 21; *Richardson v. Green*, 61 Fed. 432 (9th Cir.), cert. denied, 159 U.S. 264 (1894); cf: *Pusey & Jones Co. v. Hanssen*, 261 U.S. 491, 497-98 (1923).]

Accordingly, the next question to be confronted is whether the law of Oregon admits of a plenary suit or action in personam, in which plaintiff at bar might set aside the Jackson will or the admission to probate, either upon the ground of undue influence or fraud, or upon the ground that the will admitted to probate is not the last will of the testatrix.

In Oregon, "when a will has been admitted to probate, any person interested may, at any time within six months after \* \* \* the order of court admitting such will to provate, contest the same or the validity of such will \* \* \*" [ORS 115.180]; and "any \* \* \* person interested in the estate, may, at any time after the death of the testator, petition the court having jurisdiction to have the will proved, whether the same is in his possession or not, or is lost or destroyed \* \* \*" [ORS 115.120].

Although the court in which an action or proceed-

ing may be brought to contest the admission to probate or the validity of a will is not named in ORS 115.180, the Oregon courts have consistently held that jurisdiction over will contests is included within the exclusive original jurisdiction of the court admitting the will to probate. *Florey v. Meeker*, 194 Ore. 257, 240 P.2d 1177, 1187 (1952); *In re Riggs' Estate*, 120 Ore. 38, 241 Pac. 70 (1925), 250 Pac. 753 (1936); *In re Dunn's Will*, 88 Ore. 416, 171 Pac. 1173 (1918); *Simpson v. Durbin*, 68 Ore. 518, 136 Pac. 347 (1913); *Mansfield v. Hill*, 56 Ore. 400, 107 Pac. 474 (1919).]

Even before jurisdiction over will contests was specifically conferred by original ORS 115.180, passed in 1893, the Oregon courts had already included will contests as being within the scope of the exclusive jurisdiction of County Courts of Oregon: "To take proof of wills \* \* \* [and] grant and revoke letters testamentary \* \* \*." [Act of 1862, now found in ORS 5.040; *Bain v. Cline*, 24 Ore. 175, 33 Pac. 542 (1893); *Rothrock v. Rothrock*, 22 Ore. 551, 30 Pac. 453 (1892); *Potter v. Jones*, 20 Ore. 239, 25 Pac. 769 (1891); *Luper v. Werts*, 19 Ore. 122, 23 Pac. 850 (1890); *Chrisman v. Chrisman*, 16 Ore. 127 (1888); *Clark v. Ellis*, 9 Ore. 128, 132 (1881); *Brown v. Brown*, 7 Ore. 286, 299-300 (1879); *Greenwood v. Cline*, 7 Ore. 1, 2 (1879).]

So it is that, if plaintiff at bar were to seek, in the Oregon courts, to contest the validity of the Jackson will or to revoke the admission to probate upon the grounds here alleged, he would find a rem-

edy only in the State court which has admitted the will to probate, namely, the probate court. Plaintiff would also find, were he successful in the state-court action, that the judgment or decree would declare not only that the "will is set aside, declared void or inoperative, [but also that] \* \* \* letters [testamentary] shall be revoked and letters of administration issued." [ORS 115.200.]

In order to possess the jurisdiction or power to grant such extensive relief, the court must hear and determine any petition questioning the will in a proceeding in rem, directly affecting the administration of the decedent's estate. For "in case of a judgment, decree or order \* \* \* in respect to the probate of a will or the administration of the estate of a deceased person \* \* \* the judgment, decree or order is conclusive upon \* \* \* the will or administration \* \* \*." [ORS 43.130.]

Thus actions in Oregon questioning the validity of a will, or its admission to probate, have retained the traditional in rem character of proceedings in probate directly affecting the decedent's estate—the res [In re Anderson's Estate, 157 Ore. 365, 71 P.2d 1013, 1015 (1936); In re Rigg's Estate, *supra*, 120 Ore. 38, 241 Pac. at 71; Mansfield v. Hill, *supra*, 56 Ore. 400, 107 Pac. 474; Hubbard v. Hubbard, 7 Ore. 43, 44 (1879); Jones v. Dove, 6 Ore. 189 (1876)]; and have remained within the exclusive jurisdiction of the probate courts of Oregon [see e.g.: In re Frederick's Estate, 204 Ore. 378, 282 P.2d 352 (1955); In re Ulrich's Estate, 194 Ore. 429, 242



P.2d 204 (1952); *In re Porter's Estate*, 192 Ore. 483, 235 P.2d 894 (1951)].

The in rem character of such an action in the State court is determined of course by the court's jurisdiction over the res and the res judicata effect of its judgment upon the world; hence the fact that the petition seeking revocation of the probate of a will may be filed only after the initial ex parte admission to probate [ORS 115.180] does not destroy the continuity of the in rem proceedings in the probate court. Nor does the difference between the notice requirements applicable to the initial petition to probate [ORS 116.505], and the petition to revoke probate [ORS 115.010], affect the essential in rem character of the jurisdiction of the probate court in taking both actions. [Cf. *Spencer v. Watkins*, supra, 169 Fed. at 382.]

It should be noted, moreover, that in Oregon an action attacking only a part rather than the entire will nonetheless invokes the in rem jurisdiction of the probate court, since it will result in either setting aside or reaffirming the admission to probate of the challenged provisions of the will. [*In re Allen's Estate*, 116 Ore. 467, 241 Pac. 996, 1006 (1925).]

Even though the in rem nature of the action were not apparent from the probate court's continuing jurisdiction over the res and the scope and effect of its judgment, the very character of the exclusive and limited jurisdiction of the probate courts of Oregon requires the same conclusion.



The Oregon constitution of 1857 vested judicial power “in a supreme court, circuit courts, and a county court, which shall be courts of record having general jurisdiction to be defined \* \* \*” [Ore. Const. art. VII, § 1 (1857)]; and conferred upon the circuit courts “all judicial \* \* \* jurisdiction not vested \* \* \* exclusively in some other court \* \* \*” [id. § 9].

Although the 1857 constitution defines the County Court as a court “having general jurisdiction” [id. § 1], it has been consistently held that Oregon courts exercising probate jurisdiction are merely “courts of general jurisdiction within their [probate] field” [In re Stroman’s Estate, 178 Ore. 100, 165 P.2d 576, 581 (1946); *Tustin v. Gaunt*, 4 Ore. 305, 308-9 (1873)]. For “the nature and extent of their jurisdiction depend upon the statute [and the constitution], and they possess no other or greater powers than so conferred.” [Johnson v. Shofner, 23 Ore. 111, 31 Pac. 254, 256 (1892).]

Thus the probate courts of Oregon have “no original equity jurisdiction” [ibid.; see also: *Arnold v. Arnold*, 193 Ore. 490, 237 P.2d 963 (1952); *In re Elder’s Estate*, 160 Ore. 111, 83 P.2d 477, 478 (1938); *Weill v. Clark’s Estate*, 9 Ore. 387, 391 (1881); *Burnside v. Savier*, 6 Ore. 154, 156 (1876)]; nor “common-law jurisdiction” [in re Stroman’s Estate, *supra*, 178 Ore. 100, 165 P.2d at 581].

By a series of statutes enacted in 1919, 1929, and 1949, the Oregon legislature, under the power conferred by the 1910 amendment of Article VII of the

State Constitution, transferred probate jurisdiction in certain judicial districts from the County Court to the Circuit Court. By one of these enactments, the legislature conferred upon the Circuit Court of Multnomah County, Oregon, "full, complete, general and exclusive jurisdiction, authority and power in equity, in the first instance, in all matters whatsoever pertaining to a court of probate, including the construing of, and declaration of rights under wills and codicils, and therein the determining of question of title to real, personal or mixed property \* \* \*." [ORS 3.340.]

The obvious question posed by these statutes is whether this transfer of probate jurisdiction, from a court of limited jurisdiction, albeit one of general jurisdiction in the exercise of probate jurisdiction, to a court of general jurisdiction, operated to change the nature of an action in probate court from a limited and statutory proceeding in rem to an action in personam.

The answer has been provided by the Supreme Court of Oregon in *Arnold v. Arnold*, supra, 193 Ore. 490, 237 P.2d 963, 968-70 (1952), where it was held that although the legislature, in transferring probate jurisdiction from the County Court to the Circuit Court of Multnomah County, added jurisdiction to construe wills of real and mixed property as well as personal property, the Circuit Court, when sitting in probate—like the County Court before it—possesses only a limited and statutory probate jurisdiction, without general legal or equitable

power. [Cf: *In re Pittock's Will*, 102 Ore. 159, 199 Pac. 633, 102 Ore. 47, 201 Pac. 428, 103 Ore. 222, 202 Pac. 104 (1921); *In re Johnson*, 100 Ore. 142, 196 Pac. 385 (1921).]

Thus, the Circuit Court of Multnomah County, when sitting in probate, possesses no jurisdiction of controversies which do not "grow out of the provisions of a will, and [in which] the court \* \* \*[is] not called upon to construe or declare rights under a will" [*Arnold v. Arnold*, *supra*, 193 Ore. 490, 237 P.2d at 970]; for only such controversies fall within the terms of the statute conferring probate jurisdiction [ORS 3.340; cf: *Wadhams & Co. v. State Tax Commission*, 202 Ore. 132, 273 P.2d 440, 442 (1954); *Ashford v. Ashford*, 201 Ore. 206, 268 P.2d 382, 385 (1954); *Ex parte Quinn*, 192 Ore. 254, 233 P.2d 767, 772 (1951)].

This is true even though the legislature conferred this limited probate jurisdiction "not upon the probate department of the circuit court but upon the Circuit Court for Multnomah County." [*McCulloch v. United States Nat. Bank*, 207 Ore. 508, 297 P.2d 1076 (1956).]

In his effort to sustain federal equity jurisdiction in the case at bar, plaintiff places heavy reliance upon *Richardson v. Green*, *supra*, 61 Fed. 423, as establishing the Ninth Circuit's interpretation of the nature of Oregon-will-contest jurisdiction. However, this case contains jurisdictional questions only superficially similar to those raised in the case at bar.

At the time the complaint in *Richardson v. Green* was filed and federal diversity jurisdiction attached [*Saint Paul Mercury Ind. Co. v. Red Cab Co.*, 303 U.S. 283 (1938); *Louisville etc. Ry. v. Louisville Trust Co.*, 174 U.S. 552, 566 (1899); *Dunn v. Clarke*, 33 U.S. (8 Pet.) 1, 2 (1834); *Mullen v. Torrance*, 22 U.S. (9 Wheat.) 537, 538 (1824); *Anderson-Thompson, Inc. v. Logan Grain Co.*, 238 F.2d 598 (10th Cir. 1956)], plaintiff there was seeking an adjudication that both a deed, and a will devising "certain real estate" were forgeries. The purported will had not as yet been admitted to probate, or even offered for probate.

The Circuit Court of Appeals affirmed the trial court's decision that federal diversity jurisdiction over the subject matter of the suit was present, inasmuch as the causes of action alleged, both as to the deed and as to the unprobated will, were "suits in equity" cognizable in the Circuit Court of Oregon—a state court of general jurisdiction.

The attack upon the deed would ordinarily have been the subject of an action at law in the state or federal courts; but because the grantee's right of curtesy rendered any remedy at law inadequate, the case fell within equity jurisdiction. [*Richardson v. Green*, *supra*, 61 Fed. at 429.]

Since "by the law in almost all the States, no instrument can be effective as a will until proved" [*Ellis v. Davis*, *supra*, 109 U.S. at 497], the attack in *Richardson v. Green* upon the validity of the will, as yet unproved in the probate court, was

within the historic in personam jurisdiction of courts of equity—including the English High Court of Chancery in 1789—to set aside all forged instruments or muniments, as forged deeds. [Gaines v. Fuentes, *supra*, 92 U.S. at 17, 20; Meister v. Finley, 62 A.O. 1439, 300 P.2d 778 (1956); Mansfield v. Hill, *supra*, 56 Ore. 400, 107 Pac. 471; see also: Bennet v. Wade, *supra*, 2 Atk. 324, 26 Eng. Rep. 597; James v. Greaves, 2 P. Wms. 270, 24 Eng. Rep. 726 (K.B. 1725).]

Upon the particular facts of the Richardson case, then, the decision was an unnecessary [Gaines v. Fuentes, *supra*, 92 U.S. 10], but nonetheless correct view of Oregon equity jurisdiction. For a “suit for contesting a will \* \* \* in Oregon [such as the unproved will in Richardson] is undoubtedly one between parties, and binding only the parties thereto, and hence is such a one as a circuit court of the United States could take jurisdiction of”, where diversity of citizenship exists and the requisite amount is in controversy. [Richardson v. Green, *supra*, 61 Fed. at 428.] But the holding may not correctly be extended to include the dictum as to actions to set aside wills “after the probating of the same in Oregon.” [Ibid.]

If it be assumed, however, that this dictum is properly to be considered as within the decision, there remains to be recalled the fact that, while the Richardson case was pending, the Oregon legislature enacted the Act of 1893 [now found in ORS 115.180] providing: “When a will has been admitted



to probate, any person interested may, \* \* \* after \* \* \* the order of court admitting such will to probate, contest the same or the validity of such will \* \* \*” While the enactment just quoted does not so specify, this legislation has since been interpreted by the Oregon courts as conferring exclusive jurisdiction over such will contests upon the probate courts as such, at that time solely the County Courts—and not upon the Oregon courts of general equitable jurisdiction, the Circuit Courts. [*Florey v. Meeker*, *supra*, 194 Ore. 257, 240 P.2d 1177, 1187.]

It follows, then, that as to the first and third claims or causes of action to declare invalid parts of the Jackson will and the codicils thereto, by reason of alleged fraud and undue influence, and revocation by a subsequent will, plaintiff has failed to allege, and cannot allege the existence of “grounds upon which the court’s jurisdiction depends.” [*Fed.R.Civ.P.* 8(a,b); *KVOS, Inc. v. Associated Press*, 299 U.S. 269, 278 (1936); *McNutt v. General Motors etc. Corp.*, 298 U.S. 178, 189 (1936); *Seslar v. Union Local 901, Inc.*, 186 F.2d 403, 407 (7th Cir.), cert. denied, 341 U.S. 940 (1951).]

However, that portion of plaintiff’s second cause of action which seeks to have construed and declared invalid the trust provisions contained in the will, as being contrary to the law and the public policy of Oregon, is found to be within the historic scope of federal equity jurisdiction. [*Waterman v. Canal-Louisiana Bank & Trust Co.*, *supra*, 215 U.S. at 45-46; *Blacker v. Thatcher*, *supra*, 145 F.2d at



257-58; *Chicago Bank of Commerce v. McPherson*, 62 F.2d 693, 694 (6th Cir.), cert. denied, 289 U.S. 736 (1932); accord: *Gaines v. Fuentes*, supra, 92 U.S. at 21; *Spencer v. Watkins*, 169 Fed. 379 (8th Cir. 1909); XII Holdsworth, op. cit. supra at 686-89 (1st ed. 1938); IV Pomeroy, *Equity Jurisprudence* §§ 1155-58 (5th ed. 1941); cf: *Looney v. Capital Nat. Bank*, supra, 235 F.2d 436; *Rice v. Sayers*, 198 F.2d 724, 725 (10th Cir.), cert. denied, 344 U.S. 877 (1952); *Lee v. Minor*, 260 F.2d 700 (9th Cir.), cert. denied, 253 U.S. 488 (1919); *Simler v. Wilson*, 110 F.Supp. 761, 763 (W.D.Okla.), rev'd, 210 F.2d 99, 102 (10th Cir. 1953), rev'd per curiam, 350 U.S. 892 (1955) (semble); *Ferguson v. Patterson*, 191 F.2d 584 (10th Cir. 1951).]

And since "every final judgment shall grant the relief to which the party in whose favor it is rendered is entitled, even if such party has not demanded such relief in his pleadings" [Fed.R.Civ.P. 54(c)], plaintiff's complaint as amended may also be regarded as an action to impose a constructive trust upon the ground of the fraud of the executors, allegedly perpetrated in petitioning for admission to probate of a prior will while withholding a later, missing will or codicil from the probate court. Viewed in this light, that portion of plaintiff's third cause of action may be construed to fall within the equity jurisdiction of this court. [*Gaines v. Chew*, supra, 43 U.S. (2 How.) at 645; *Patterson v. Dickinson*, 193 Fed. 328, 333-34 (9th Cir. 1912); *McCan v. First Nat. Bank*, supra, 139 F.Supp. at 227; see

also *Barnesly v. Powel*, supra, 1 Ves. Sen. 284, 27 Eng. Rep. 1034.]

Furthermore, that portion of plaintiff's fourth cause of action, which asserts that, as to all property not disposed of by will, the testatrix died intestate leaving plaintiff as her sole heir and next of kin, also falls within the scope of federal equity jurisdiction to adjudicate in personam the validity and amount of claims of heirs and others, to estates in probate. [*Markham v. Allen*, supra, 326 U.S. at 494 (alternative holding); *Sutton v. English*, supra, 246 U.S. at 205; *McClellan v. Carland*, supra, 217 U.S. at 281; *Waterman v. Canal-Louisiana Bank & Trust Co.*, supra, 215 U.S. at 45; *Payne v. Hook*, supra, 74 U.S. (7 Wall.) 425; cf. *Strickland v. Peters*, 120 F.2d 53 (5th Cir. 1941).]

Inasmuch as plaintiff's second and fourth causes of action, and the third cause of action insofar as it may seek to impress a constructive trust, are within the scope of federal equity jurisdiction, next to be considered is the problem whether "the facts stated in the present bill lay a sufficient ground for equitable interference with the probate of [the Jackson] \* \* \* will, or for establishing a trust in favor of the \* \* \* plaintiff." [*Broderick's Will*, supra 88 U.S. (21 Wall.) at 517.]

For it is the duty of the court to determine at the outset "whether in any given instance a suit of which a district court has jurisdiction as a federal court is an appropriate one for the exercise of the extraordinary powers of a court of equity."

[Atlas Life Ins. Co. v. W. I. Southern, Inc., *supra*, 306 U. S. at 570; Alabama Public Service Comm'n v. Southern Ry., 341 U.S. 341, 345 (1951); Meredith v. Winter Haven, 320 U.S. 228, 234-35 (1943); Di Giovanni v. Camden Fire Ins. Ass'n, 296 U.S. 64, 69 (1935); Twist v. Prairie Oil Co., *supra*, 274 U.S. at 690-91; Massachusetts State Grange v. Benton, 272 U.S. 517, 228 (1926); Reynes v. Dumont, 130 U.S. 354, 395 (1889); Payne v. Hook, *supra*, 74 U.S. (7 Wall.) at 430.]

If the case does not warrant the exercise of the court's equitable powers, this fact, "if obvious, may and should be objected to by the court of its own motion." [Matthews v. Rodgers, 284 U.S. 521, 524 (1932); Singer Sewing Machine Co. v. Benedict, 229 U.S. 481, 484 (1913); Lewis v. Cocks, 90 U.S. (23 Wall.) 466, 470 (1874).]

At this juncture, it should be recalled that, by his second cause of action, plaintiff seeks this court's construction of the terms of the testamentary trust, which plaintiff alternatively seeks to set aside as invalid for fraud and undue influence upon the testatrix. Being without jurisdiction over the issue as to the validity of the testamentary trust itself, this court does not, in the exercise of equity jurisdiction, reach the alternative, and in effect subsidiary, cause of action to construe the provisions of the trust.

For "a court of equity ought to do justice completely, and not by halves." [Camp v. Boyd, 229 U.S. 530, 551 (1913).] Although this maxim has been

used most frequently to extend equity "clean-up" jurisdiction over aspects of a controversy of legal cognizance [*United States v. Union Pacific Ry.*, 160 U.S. 1, 52 (1895)], the maxim is properly applied here, and with equal force.

Until validity of the testamentary trust provisions has been finally adjudicated in the probate court of Oregon [ORS 115.180], this court could not "do justice completely", and instead would be compelled to do justice "by halves", which in equity it will not do. [*Waterman v. Canal-Louisiana Bank & Trust Co.*, supra, 215 U.S. at 46; *Walker v. First Trust & Sav. Bank*, 12 F.2d 896 (8th Cir. 1926); *Spencer v. Watkins*, supra, 169 Fed. at 382; *Wood v. Paine*, 66 Fed. 807 (C.C.D.R.I. 1895); *Gebhard v. Lennox Library*, 74 N.H. 416, 68 Atl. 540 (1907).]

The same situation exists with respect to plaintiff's fourth cause of action. Hence this court, in the exercise of its equity jurisdiction, does not reach the secondary and auxiliary claim for an adjudication of heirship in the event of partial intestacy. [See: *Sutton v. English*, supra, 246 U.S. at 207; cf. *Markham v. Allen*, supra, 326 U.S. at 495.] Moreover, because of lack of federal equity jurisdiction to adjudicate the issues as to validity of the will and codicils, as sought in the first and third causes of action, the claim of heirship does not now present a justiceable controversy—a "Controversy" within the meaning of the Constitution. [U. S. Const. art. III, § 2, cl. 1; *Aetna Life Ins. Co. v. Haworth*, supra, 300 U.S. at 240-41.]

Insofar as the third cause of action asserts a claim to have declared a constructive trust, which is not the main purpose of this action but merely an incidental aspect of the whole controversy, this court, being without equity jurisdiction to adjudicate the principal controversy, will refuse, as a matter of discretion, to exercise equity jurisdiction to adjudicate the subsidiary claim of fraud upon the probate court of Oregon, in the alleged suppression of a later, missing will or codicil. [Ellis v. Davis, *supra*, 109 U.S. at 503-4; Haines v. Carpenter, 91 U.S. 254, 257 (1875); Broderick's Will, *supra*, 88 U.S. (21 Wall.) at 517.]

This discretionary refusal to exercise such equity jurisdiction as may exist to do justice "by halves" is made in the light of plaintiff's unquestioned and current right to seek, in the proper probate court of the State of Oregon, all the relief which he seeks here [ORS 115.180, 115.120, 115.130, 3.340]; and the high probability that, if this court were to retain jurisdiction of part of the controversy under the circumstances, plaintiff might indeed confront a situation where the Oregon court itself would refuse to do justice "by halves" [cf Phipps v. Kelly, 12 Ore. 213, 6 Pac. 707, 712 (1885)].

As a distinguished scholar in the field of equity jurisprudence once wisely admonished: "The advantages of vesting a court with both legal and equitable powers are not to be denied. But when the doctrines of equity are no longer administered in a separate court, it is all the more important



not to lose sight of the fundamental distinction between law and equity,—a distinction as eternal as the difference between rights in rem and rights in personam.” [Ames, note, 4 Harv. L. Rev. 394, 395 (1891); see Scott & Simpson, Cases and Other Materials on Civil Procedure, 232-249 (1951).]

Also to be heeded as of course is the admonition of the Court in *Healy v. Ratta*, 292 U.S. 263 (1934): “The power reserved to the states, under the Constitution, to provide for the determination of controversies in their courts may be restricted only by the action of Congress in conformity to the judiciary sections of the Constitution \* \* \* Due regard for the rightful independence of state governments, which should actuate federal courts, requires that they scrupulously confine their own jurisdiction to the precise limits which the statute has defined.” [292 U.S. at 270; *Baltimore Contractors, Inc. v. Bodinger*, 348 U.S. 176, 181 (1955); *Cohens v. Virginia*, 19 U.S. (6 Wheat.) 264, 403 (1821).]

For the reasons stated, the action must be dismissed because the principal controversy, the main cause, is beyond the historic scope of federal equity jurisdiction; for “lack of jurisdiction over the subject matter.” [Fed. R. Civ. P. 12(b)(1); *Matthews v. Rodgers*, supra, 284 U.S. at 524, 529-30; *Twist v. Prairie Oil Co.*, supra, 274 U.S. at 690; *Venner v. Great Northern Ry.*, 209 U.S. 24, 34 (1908); *Blythe v. Hinckley*, 173 U.S. 501, 507 (1899); *Lewis v. Cocks*, supra, 90 U.S. (28 Wall.) 466.]

The judgment dismissing the action shall not



operate "as an adjudication upon the merits" [Fed.-R. Civ.P.41(b)], and the judgment to be entered shall so provide.

The attorneys for defendants may settle and lodge with the Clerk within ten days a judgment of dismissal accordingly, to be settled according to rule.

[Endorsed]: Filed June 28, 1957.

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[Title of District Court and Cause.]

### ORDER OF DISMISSAL

In this action defendants filed a motion to dismiss upon the ground of lack of jurisdiction. The motion was argued, briefed and considered by the Court, and the Court being fully advised in the premises, it is, therefore,

Ordered, that this action be dismissed without determination by this Court of the merits of any of the matters in controversy, and without costs to or against any of the parties, and it is

Further Ordered, that such dismissal shall be without prejudice to the right of the plaintiff to institute and prosecute, in any court of competent jurisdiction, any action, suit or proceeding to establish and enforce his rights with respect to any of the matters in controversy, and it is

Further Ordered, that plaintiff may amend his complaint if he is so advised within thirty days after the date of this Order, and it is

So Ordered.

Dated this 31st day of December, 1957.

/s/ WM. C. MATHES,  
District Judge.

Acknowledgment of Service Attached.

[Endorsed]: Filed January 7, 1958.

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[Title of District Court and Cause.]

### FIRST AMENDED COMPLAINT

Plaintiff files this his first amended complaint, as follows:

First Claim for Relief:

#### I.

Plaintiff is a minor of fourteen years of age, and brings this suit through John E. Walker, his Guardian ad Litem.

#### II.

Plaintiff is a resident and citizens of the State of California. Defendant, The United States National Bank of Portland, Oregon, is a national banking association whose principal office and place of business is located in the State of Oregon. Defendants David Lloyd Davies and William W. Knight are residents and citizens of the State of Oregon. The matter in controversy exceeds, exclusive of interest and costs, the sum of Three Thousand Dollars (\$3,000.00).

#### III.

Mrs. Maria C. Jackson (hereinafter referred to

as "Mrs. Jackson") died on February 3, 1956. Plaintiff is, and has been ever since 1953, the sole next of kin and heir at law of Mrs. Jackson.

#### IV.

On or about February 7, 1956, there was admitted to probate in the Circuit Court of Multnomah County, Oregon, a purported last will of Mrs. Jackson and four codicils thereto. This will is dated January 7, 1948, and the codicils are dated February 23, 1950, August 15, 1952, February 27, 1953, and July 8, 1953, respectively. Said will and codicils were admitted to probate in common form, ex parte and without notice to any person whomsoever. Copies of said will and codicils are attached hereto, made a part hereof, and all marked Exhibit A. On information and belief: Said will and codicils were signed and witnessed in the form provided by law. Mrs. Jackson was of sound and disposing mind when she executed said will and codicils. A codicil to said will refers to the last will and testament of Philip Jackson, deceased. A copy of said will is annexed and marked Exhibit B.

#### V.

The value of the estate left by Mrs. Jackson is in excess of Two Million, Four Hundred Thousand Dollars (\$2,400,000.00).

#### VI.

Said will and codicils were admitted to probate on application of defendants David Lloyd Davies

(hereinafter referred to as "defendant Davies") and The United States National Bank, Portland, Oregon (hereinafter referred to as "defendant Bank"). Said defendants are the executors named in said will, and letters testamentary were issued to them by said court on or about February 7, 1956. Defendant Davies, defendant Bank, and defendant William W. Knight (hereinafter referred to as "defendant Knight") are named in said will as trustees of a purported trust created under the terms thereof.

## VII.

The defendant Black White Foundation is sued herein under a fictitious name because its true name is not known to plaintiff, and plaintiff prays that when said true name is ascertained, he be permitted to amend this complaint in order to set forth said name. Upon information and belief: Said Black White Foundation is or will be a corporation. If such corporation has been organized, it is a corporation organized under the laws of the State of Oregon, and it is a resident and citizen of said state. The exact facts concerning said corporation are not known to plaintiff, but are well known to all defendants.

## VIII.

Mrs. Jackson was the widow of Charles Samuel Jackson. Charles Samuel Jackson and Mrs. Jackson had two sons and no other children. These sons were Philip Ludwell Jackson and Francis Clopton Jackson. Philip Ludwell Jackson (hereinafter sometimes referred to as "Philip") had no

issue. Francis Clopton Jackson had a son by the name of Charles Samuel Jackson, Jr. Said Francis Clopton Jackson died in 1919 and, shortly thereafter, at a date unknown to plaintiff, upon information and belief, Mrs. Jackson duly and regularly adopted Charles Samuel Jackson, Jr. as her own son according to the laws of the State of Oregon. Charles Samuel Jackson, Philip Ludwell Jackson, Francis Clopton Jackson, and Charles Samuel Jackson, Jr. predeceased Mrs. Jackson. Charles Samuel Jackson, Jr. left one child, who is the plaintiff herein.

## IX.

Article VI of said purported will of January 7, 1948, republished and amended by the codicils thereto, attempts to create a purported charitable trust. Under the terms of said purported will, republished and amended as aforesaid, the residue and remainder of Mrs. Jackson's estate is left to said purported charitable trust. Said residue and remainder constitutes the major portion of Mrs. Jackson's estate. Said Article VI, republished and amended as aforesaid, is invalid, because the purposes of said purported charitable trust are so indefinite and uncertain that the same cannot be executed and carried out, and because the discretion accorded to the trustees named therein is so wide and indefinite that their consciences cannot be held to the carrying out of a definite and certain purpose under the supervision of a court of equity.

X.

Said Article VI, republished and amended as aforesaid, has not been construed by any court having jurisdiction of the matter or controversy and the parties.

Second Claim for Relief:

I.

Plaintiff repeats and realleges each and every allegation contained in Paragraphs I to VIII and Paragraph X of the First Claim for Relief set forth in this complaint, with the same effect as though repeated at length in this paragraph.

II.

At the time of her death, Mrs. Jackson owned all or the majority of the stock of the Journal Publishing Company, a corporation. The Journal Publishing Company is, and was at all times herein material, the owner and publisher of the "Oregon Journal," a daily newspaper published in Portland, Oregon. Said "Oregon Journal" was founded approximately forty-five years ago, and is, and has been for many years, a great and powerful newspaper.

In the inventory and appraisal of the estate of Mrs. Jackson, filed by the defendant executors in said Circuit Court of Multnomah County, Oregon, said stock of said Journal Publishing Company is given a value in excess of One Million, Five Hundred Thousand Dollars (\$1,500,000.00).



## III.

Article VI of said purported will of January 7, 1948, as republished and amended by the codicils thereto, attempts to create a purported charitable trust. Under the terms of said will, republished and amended as aforesaid, the residue and remainder of Mrs. Jackson's estate is left to said purported charitable trust. The value of said residue and remainder is in excess of Two Million Dollars (\$2,000,000.00), and said residue and remainder includes all of said stock of the Journal Publishing Company, valued as above set forth, in excess of One Million, Five Hundred Thousand Dollars (\$1,500,000.00).

Said Article VI, republished and amended, as aforesaid, is invalid for the following reasons:

(a) Although said Article purports to create a charitable trust, it actually has for its purpose, and achieves only the result of avoiding taxes and of creating a perpetual trust whereby a group of persons, self-perpetuating by appointment, are vested with the title to the controlling stock of the corporation, such stock being of a value, as above set forth, in excess of One Million, Five Hundred Thousand Dollars (\$1,500,000.00). Said corporation owns and publishes, as above set forth, a great and powerful newspaper, but may, pursuant to the trust, be managed and controlled to serve the interests of the self-perpetuating trustees of said stock, with charity as a secondary and subordinate incident. The trustees are given plenary powers, without limitation as to the control, policy and

management of the newspaper; they may keep it or sell it. The trustees holding said newspaper, as well as the balance of Mrs. Jackson's fortune included in the bequest to said trust, with said plenary powers, would be able to place themselves in a position of leadership and social and financial power by virtue of their said control. In addition, the trustees can obtain as compensation for their services as trustees substantial fees.

(b) Said Article VI, as amended by the codicil of July 8, 1953, by its express terms, provides that in disposing of said stock of the Journal Publishing Company, or said newspaper, preference be given as to purchasers thereof to persons in the actual employ of said company, including any person or persons who may be executors of said will or trustees of said trust, even though the amount which may be realized through sales to such limited and definite category or class of persons "may be substantially less than might be obtained if such stock, or the paper owned by said Journal Publishing Company, were to be sold in a different manner or to other purchasers." Under the terms of said Article VI, as amended, therefore, the major portion of the fortune bequeathed to said trust by Mrs. Jackson may, in the untrammelled discretion of the trustees, be used primarily for the financial benefit, gain and business and other advantages of a limited class of persons employed in the business of said Journal Publishing Company, including said executors and trustees, and not for charitable purposes.

Accordingly, the provisions of said trust are

against the public policy of the State of Oregon and create a perpetuity in violation of law.

### Third Claim for Relief:

#### I.

Plaintiff repeats and realleges each and every allegation contained in Paragraphs I to VIII, inclusive, of the First Claim for Relief set forth in this complaint, with the same effect as though repeated at length in this paragraph.

#### II.

The "Oregon Journal," a daily newspaper published in Portland, Oregon, was founded by Mrs. Jackson's husband, Charles Samuel Jackson, approximately forty-five years ago. Charles Samuel Jackson during his lifetime was publisher and directed the policies of said "Oregon Journal." Mrs. Jackson, both during the lifetime of Charles Samuel Jackson and thereafter, took great pride in and had great affection for said newspaper. It was therefore her constant preoccupation and desire to perpetuate and to keep control thereof within the Jackson family. The "Oregon Journal" is, and was at all times material herein, owned and published by the Journal Publishing Company, a corporation.

During his lifetime, Charles Samuel Jackson owned all, or the great majority, of the stock of the Journal Publishing Company, which, on his death, went to his widow, Mrs. Jackson. She retained this stock until her death.

### III.

Defendant Davies is a practicing attorney who was admitted to the bar of the State of Oregon in 1927. Defendant Davies was, at the time of Mrs. Jackson's death and for many years prior thereto, her personal attorney as well as an attorney for said Journal Publishing Company and the Oregon Journal. As said attorney, defendant Davies had full information and knowledge respecting the nature and value of her properties, including her stock in said Journal Publishing Company. As said attorney, defendant Davies also knew of Mrs. Jackson's desires with respect to said "Oregon Journal." Upon information and belief, defendant Davies was also for many years, and until Philip's death, Philip's personal attorney.

### IV.

On information and belief: Mrs. Jackson reposed great trust and confidence in defendant Davies and had a very high regard for his legal and business ability, and she, therefore, sought and followed his counsel in connection with important family and business matters. Mrs. Jackson also reposed great trust and confidence in Philip and also had a high regard for his business ability, and she, therefore, sought and followed his counsel in connection with all said family and business matters.

### V.

On information and belief: In making said will dated January 7, 1948, mentioned in Paragraph IV

hereof, Mrs. Jackson sought and obtained the advice of Philip and defendant Davies. Defendant Davies is the person who drafted this will and its four codicils.

At the time that this will was under discussion, Philip and plaintiff were the only surviving lineal descendants of Mrs. Jackson. Philip was then publisher of the "Oregon Journal." He was in excess of fifty years of age, his exact age being unknown to plaintiff. He had never had any children. Accordingly, Mrs. Jackson desired, by means of her will, to provide generously for plaintiff and to give him the right and opportunity to come into control of said newspaper as owner, publisher and editor. Philip and defendant Davies were told by Mrs. Jackson of her desires with respect to plaintiff and were asked for their counsel and advice with regard thereto.

## VI.

On information and belief: At or about the time that Mrs. Jackson sought their advice, as set forth in Paragraph V hereof, defendant Davies and Philip determined Mrs. Jackson would make a will under the terms of which plaintiff would receive nothing, and whereby they would obtain control of her assets, including her stockholdings in the Journal Publishing Company. Pursuant to said determination, Philip and defendant Davies represented to Mrs. Jackson that any disposition of her estate as she desired would result in an assessment of Federal estate taxes which could not be met without selling her shares in the Journal Publishing



Company to outsiders who would then gain control of the "Oregon Journal." Philip and defendant Davies also represented to her that in order to preserve the "Oregon Journal," it would be necessary to avoid large estate taxes, and that this could be accomplished only by placing substantially all of her estate in a tax-free foundation. These representations were and are untrue and known by defendant Davies to be untrue at the time they were made. These representations were either known to be untrue by Philip at said time, or were made negligently and without a reasonable effort to ascertain whether they were true or false.

These representations were and are untrue because said estate has, and had at all times herein material, sufficient assets to pay the Federal estate taxes which would have been assessed, had Mrs. Jackson made a will in accordance with her desires, without having to sell any of her said stockholdings in the Journal Publishing Company. These representations also were and are untrue because the "Oregon Journal" could have been maintained and perpetuated as desired by Mrs. Jackson by leaving her shares in the Journal Publishing Company, and no other property, to a tax-free beneficiary. Mrs. Jackson, because of the great trust and confidence which she reposed in Philip and defendant Davies, believed said representations and relied thereon at all times herein material.

Philip and defendant Davies, and each of them, pursuant to said determination and by means of said representations, induced Mrs. Jackson to in-



clude Article VI in her will giving the entire income of the estate to Philip for life and the remainder to a foundation, which they told Mrs. Jackson would receive the remainder of her estate, free of estate taxes, and in which no provision would be made for plaintiff. In order to accomplish the said purpose, Philip and defendant Davies utilized the trust and confidence which she reposed in them and her fear, well known to them, that the "Oregon Journal" would fall into the hands of strangers, and out of the hands of the Jackson family. By so doing, they were able to and did overcome her volition to the extent that, although she desired to provide for plaintiff as aforesaid, she, nevertheless, executed a will which reflected the purposes and desires of Philip and defendant Davies and not her own.

Philip had no desire to provide for anyone else out of his mother's estate. He had neither affection nor regard for plaintiff. By leaving the remainder interest to a supposedly tax-free foundation, and thereby attempting to free the value of said remainder from taxes, Philip expected to and planned to receive the largest possible income for life by minimizing the Federal estate taxes on his mother's estate, thereby preserving the maximum value for the corpus of the estate.

Having set the method of devolving the property of his mother, Philip acted in concert with defendant Davies by means unknown to plaintiff, but well known to defendant Davies, so that defendant Davies prepared a will to accomplish the purposes aforesaid and hereinafter alleged. In said will there

was included a clause whereby Mrs. Jackson disinherited her great-grandson by blood and her adopted grandson (then approximately five years of age) in the manner set forth in Article VIII of said will of January 7, 1948.

The foundation was so planned that after the death of Philip, defendant Davies, defendant Bank and a person selected by defendant Davies would, as trustees, control the foundation, the "Oregon Journal," and the Journal Publishing Company. Defendant Davies was then, ever since has been, and now is an attorney for defendant Bank. The Jackson fortune and the prestige of a great newspaper were at all material times, and are now sources of power, influence, and prestige. The trustees holding said fortune and newspaper with plenary powers, and without substantial supervision or interference would be able to place themselves in a position of leadership and social and financial power by virtue of their said control. In addition, the position of trustee would be lucrative, yielding substantial fees for life. In addition, defendant Davies would, either directly or through others, act as legal counsel for the foundation, with additional substantial emoluments.

## VII.

In February 1950, and August 1952, Mrs. Jackson added codicils to her will, the subject of which was a gift to Stanford University. In the codicils, she ratified and confirmed all the provisions of said will dated January 7, 1948.

On February 27, 1953, after the death of Philip,

Mrs. Jackson added a further codicil to her will. Under the terms thereof she created a trust of One Hundred Fifty Thousand Dollars (\$150,000.00) for the benefit of plaintiff. The residue, comprising substantially all her estate, was left as in the will of January 7, 1948, to said foundation, of which the defendant Davies was to be one of the trustees. In this codicil, defendant Davies is named co-executor of said will. By means of this instrument, Mrs. Jackson again ratified and confirmed the provisions of said will of January 7, 1948.

On July 8, 1953, Mrs. Jackson executed another codicil to her said will. This codicil contains a provision whereby defendant Davies would be one of a class of persons who, under a certain set of circumstances would be able to buy the stock of said Journal Publishing Company at prices substantially lower than might be obtained if such stock were sold to persons not included in said class. In this codicil, Mrs. Jackson again ratified and confirmed the provisions of her said will of January 7, 1948.

On information and belief: Said codicils to said will were signed and witnessed in the form provided by law, and Mrs. Jackson was of sound and disposing mind and memory when she executed said codicils.

## VIII.

At no time was there ever a disclosure to Mrs. Jackson by any person whomsoever, as to the fact that the representations hereinabove set forth were untrue, although it was the duty of defendant Davies and also of Philip, if he had knowledge of

such untruths, to so do. By this concealment, defendant Davies was able, after the death of Philip, to induce Mrs. Jackson, contrary to her natural inclinations, so to amend said will of January 7, 1948, by means of said codicils of February 27, 1953, and July 8, 1953, as to preserve and greatly enhance the privileges and emoluments which were provided for him in said will to the extent stated above. By this concealment, defendant Davies was also able to prevent Mrs. Jackson from making a will under the terms of which plaintiff would have gained control of the "Oregon Journal," and a substantial portion of the balance of her estate. All of the representations and influences which motivated, induced, and caused the execution of the will of January 7, 1948, likewise induced, motivated and caused the republication of said will in said four codicils, in that nothing occurred in any manner to make Mrs. Jackson suspect or question the representations made to her; and defendant Davies continued to be her trusted and confidential attorney.

### IX.

On information and belief: At some time subsequent to 1953, unknown to plaintiff, Mrs. Jackson determined to make certain that her wishes as to plaintiff would be carried out; i.e., that he would come into control of the "Oregon Journal" and would also ultimately receive the bulk of her estate. She accomplished this by a new will or codicil, a change in trust provisions, directions to trustees, or by some other means, all unknown to plaintiff. She



made known to certain of her friends that she had completed such arrangements for plaintiff, but did not disclose the method whereby her purpose and desire had been accomplished. By such method the wills and codicils above mentioned have been amended or revoked in such manner that plaintiff will receive far in excess of One Hundred Fifty Thousand Dollars (\$150,000.00) provided for him in the codicil of February 27, 1953. Such method is known to defendants and was known to defendant Davies when he applied for the admission to probate of said will and codicils. Plaintiff has no knowledge or information on the subject of the method used by Mrs. Jackson to accomplish her said purposes.

## X.

By reason of the foregoing, any money and property of any kind which said defendant trustees may receive pursuant to Article VI as republished and amended are impressed with a trust in favor of plaintiff and said defendant trustees should be ordered and directed to administer said trust in such manner as this Court shall by its judgment herein determine to be just and equitable after distribution by said Oregon Circuit Court.

### Fourth Claim for Relief:

#### I.

Plaintiff repeats and realleges each and every allegation contained in Paragraphs I to VIII of the First Claim for Relief set forth in this complaint, with the same effect as though repeated at length in this paragraph.

II.

Plaintiff repeats and realleges each and every allegation contained in Paragraphs II to VIII of the Third Claim for Relief set forth in this complaint, with the same effect as though repeated at length in this paragraph.

III.

On information and belief: When Mrs. Jackson executed the various codicils and parts thereof to the extent that they republished and amended Article VI of her will, she was motivated and induced by the same fraud which motivated and induced her to include Article VI in her will.

IV.

By reason of the facts alleged above, said Article VI and said codicils in so far as they republished and amended Article VI are void and invalid because they are the result of said fraud. All other parts of said will are valid.

Fifth Claim for Relief:

I.

Plaintiff repeats and realleges each and every allegation contained in Paragraphs I to VIII of the First Claim for Relief set forth in this complaint, with the same effect as though repeated at length in this paragraph.

II.

Plaintiff repeats and realleges each and every allegation contained in Paragraphs II to VIII of



the Third Claim for Relief set forth in this complaint, with the same effect as though repeated at length in this paragraph.

### III.

On information and belief: By reason of the relationship between Mrs. Jackson and her son Philip and the relationship between her and her attorney Davies, she was unduly influenced to include Article VI in her will and unduly influenced to execute the various codicils and parts thereof to the extent that the same republished and amended said Article VI. By reason of such undue influence she was unable to exercise her own free will, judgment and volition and was unable to provide properly for her only descendant, plaintiff herein, although she desired to do so and the will and desires of Philip and defendant Davies, during Philip's lifetime, and the will and desires of defendant Davies after Philip's death were substituted for the will and desires of Mrs. Jackson.

### IV.

By reason of the facts alleged above, said Article VI and said codicils in so far as they republished and amended Article VI are void and invalid, because they are the result of said undue influence. All other parts of said will are valid.

Sixth Claim for Relief:

### I.

Plaintiff repeats and realleges each and every allegation contained in Paragraphs I to X of the

First Claim for Relief set forth in this complaint, with the same effect as though repeated at length in this paragraph.

II.

Plaintiff repeats and realleges each and every allegation contained in Paragraphs II and III of the Second Claim for Relief set forth in this complaint, with the same effect as though repeated at length in this paragraph.

III.

Plaintiff repeats and realleges each and every allegation contained in Paragraphs II to VIII of the third claim for relief set forth in this complaint, with the same effect as though repeated at length in this paragraph.

IV.

Plaintiff repeats and realleges each and every allegation contained in Paragraphs III and IV of the Fourth Claim for Relief set forth in this complaint, with the same effect as though repeated at length in this paragraph.

V.

Plaintiff repeats and realleges each and every allegation contained in Paragraphs III and IV of the Fifth Claim for Relief set forth in this complaint, with the same effect as though repeated at length in this paragraph.

VI.

As to the property included in said Article VI as

republished and amended by said codicils, Mrs. Jackson died intestate. Appropriate proceedings should be initiated and conducted by defendants in accordance with the principles of equity to cause distribution of said property by said Oregon Circuit Court to be made to plaintiff as Mrs. Jackson's sole heir at law and next of kin.

Wherefore, plaintiff prays judgment as follows:

1. As to the First Claim for Relief, that Article VI of said purported will and said codicils thereto, as republished and amended by the codicils thereto, are null and void.

2. As to the Second Claim for Relief, that Article VI as republished and amended, as aforesaid, is null and void.

3. As to the Third Claim for Relief, that any property which said defendant trustees may receive pursuant to Article VI as republished and amended are impressed with the trust in favor of plaintiff and said defendant trustees be ordered and directed to administer said trust in such manner as this Court shall by its judgment herein determine to be just and equitable.

4. As to the Fourth and Fifth Claims for Relief, that said Article VI, as so republished and amended, is null and void.

5. As to the Sixth Claim for Relief, that Mrs. Jackson died intestate and that appropriate proceedings be ordered to be conducted by defendants

in accordance with the principles of equity to cause distribution by said Oregon Circuit Court of the property described in Article VI to be made to plaintiff as Mrs. Jackson's sole heir at law and next of kin.

6. For such other and further relief as to the Court may seem meet and proper.

7. For plaintiff's costs herein.

Dated December 31, 1957.

/s/ GLENN R. JACK,

/s/ JOHN E. WALKER,

LIVINGSTON & BORREGARD,

/s/ By LAWRENCE LIVINGSTON,

/s/ LAWRENCE LIVINGSTON,

/s/ RICARDO J. HECHT,

Attorneys for Plaintiff.

## EXHIBIT "A"

### LAST WILL AND TESTAMENT

#### OF

MARIA C. JACKSON

I, Maria C. Jackson, of Portland, Oregon, do hereby make, publish and declare this my last will and testament, hereby revoking all former wills and codicils made by me.

#### Article I.

I direct the payment by my executor out of my estate of all of my just debts allowed in the course

## Exhibit "A"—(Continued)

of administration, the expenses of last illness and funeral, the expenses of administration of my estate, and all inheritance, estate and legacy taxes, to the end that the specific and general bequests contained herein shall be paid and distributed without deduction for any of the disbursements made under the provisions of this article.

## Article II.

I give and bequeath to my son, Philip Ludwell Jackson, all household goods, books, apparel, jewelry, and all other like contents of my place of abode, and any automobiles which I may own at the time of my death.

(Handwritten: Revoked 3-C, 2/27/53.)

## Article III.

I give and bequeath to each person who shall be in my personal employ at the time of my death an amount equal to one hundred dollars (\$100) for each year or fraction thereof he or she shall have been in my employ.

(Handwritten: OK, not changed.)

## Article IV.

I give and bequeath to Emma Jackson, of Delta-ville, Virginia, an amount determined at the rate of one hundred dollars (\$100) per month for a period beginning with the date of my death and continuing as long as she shall live; and I direct my executor to pay this bequest in monthly installments of one



Exhibit "A"—(Continued)

hundred dollars (\$100) per month beginning at a date as near as possible to the date of my death. If Emma Jackson shall not be living at the date of my death, the legacy in this article shall lapse.

(Handwritten: No change.)

I direct my executor to make provision, before distribution of the residue of my estate, for the continuance of the monthly payments to the legatee named in this article, either by purchase of annuities or by placing adequate sums in trust with a responsible corporate trustee, with directions to pay the income or principal to said legatee and upon the death of said legatee to pay the remainder, including principal and all accumulated, accrued, and undistributed income to the residuary legatees under Article V of this will, or by other appropriate plan which my executor shall deem suitable or adequate for the continuance of said monthly payment to said legatee as long as she shall live.

Article V.

All the rest, residue and remainder of my estate, of whatever nature and wherever situated, I give, devise and bequeath to my son, Philip Ludwell Jackson, and The United States National Bank of Portland (Oregon), not for their own use and benefit but in trust for the following uses and purposes:

(Handwritten: Not changed or Revoked.)

1. The net income from the trust estate shall be distributed to my son, Philip Ludwell Jackson, for his lifetime.



## Exhibit "A"—(Continued)

2. Upon the death of my son this trust shall terminate and all of the principal thereof and all accrued, accumulated, and undistributed income shall be paid over and distributed, discharged from this trust, to the trustees of The Jackson Foundation, provided for in Article VI hereof, to be administered and distributed by said trustees of said Foundation for the uses and purposes specified in Article VI.

3. While the trust created by this article is in existence my son, Philip Ludwell Jackson, shall have the right to exercise in the manner determined by him to be proper all voting rights attributable to any stock or securities from time to time constituting a part of the principal of the trust estate, and the trustees, upon the request of my son, Philip Ludwell Jackson, shall execute and deliver to him such proxies or other necessary instruments to enable him to exercise such voting rights. The trustee other than my son, Philip Ludwell Jackson, shall be in no way responsible for the manner in which any such voting rights are exercised by my son, Philip Ludwell Jackson.

4. The trustees shall invest and reinvest all principal cash in the trust fund in any form of property which the trustees shall deem to be for the best interests of the trust, and in exercising such powers of investment the trustees shall not be restricted or limited by any statute or law relating to the character of investments which may be made by a fiduciary.

Exhibit "A"—(Continued)

5. The trustees shall hold and manage the property as a trust fund, with power to sell, exchange, mortgage, or otherwise dispose of any of the property as they may deem proper. The trustees shall have the right to exchange any securities in this trust for any other securities that may be offered in any reorganization, refinancing, merger, consolidation, or dissolution or any change of corporate capital structure if in the judgment of the trustees such exchange is advisable. Without in any way limiting the broad powers herein granted to the trustees to sell and dispose of assets of the trust, I express the wish, which shall not be construed to be mandatory or binding upon the trustees, that if any stock of Journal Publishing Company, an Oregon corporation, shall be included in the assets of the trust, the trustees shall not sell or dispose of any such stock except in a manner consistent with the provisions contained in Article VI hereof relating to disposition of stock of Journal Publishing Company by the trustees of the Foundation created by Article VI.

6. If during the lifetime of my son, Philip Ludwell Jackson, he shall for any reason cease to be a trustee, it shall not be necessary to appoint a successor to him as trustee but thereafter the trust created by this article shall be administered by said The United States National Bank of Portland (Oregon) as sole trustee.

Article VI.

Upon the death of my son, Philip Ludwell Jack-

## Exhibit "A"—(Continued)

son, there shall forthwith be created a trust which shall be known as The Jackson Foundation, to be administered in accordance with the following provisions of this article:

1. The trustees of said Foundation shall be The United States National Bank of Portland (Oregon), David L. Davies, of Portland, Oregon, and a third individual who shall be appointed by David L. Davies and the person who at that time is the president of said The United States National Bank of Portland (Oregon). Thereafter in the event of a vacancy for any reason of trustees who shall be natural persons, the successor trustee shall be appointed by the remaining individual trustee and the individual who at that time is the president of The United States National Bank of Portland (Oregon).

[Handwritten: Amended & Supplemented.]

2. The net income from the trust shall be distributed by the trustees for use within the State of Oregon for charitable, educational or eleemosynary purposes and for the advancement of public welfare. The trustees shall have wide discretion in the selection of the particular purposes for which said distribution shall be made and shall select beneficiaries as they shall deem to be most appropriate and best calculated to promote the welfare of the public of the City of Portland or the State of Oregon, or both.

3. If any stock of Journal Publishing Company, an Oregon corporation, shall at any time constitute a part of the principal of the trust fund, the trus-

Exhibit "A"—(Continued)

tees shall, in any disposition of such stock, endeavor to do so in a manner such as to perpetuate the Oregon Journal, the newspaper published by Journal Publishing Company, as a newspaper which conforms generally to the standards of that newspaper since the founding thereof by my late husband, Charles Samuel Jackson. If it may be done without jeopardy to the standing of said newspaper, the trustees shall endeavor to favor and give preference to persons actually in the employ of Journal Publishing Company and engaged in the publication and operation of the newspaper. I appreciate that at this time I cannot adequately define the processes which shall be adopted by the trustees in carrying out the policies of administration expressed in this paragraph and for that reason I give to the trustees broad powers, to be exercised in their discretion, in accomplishing the purposes and policies expressed in this paragraph.

4. The trustees shall invest and reinvest all principal cash in the trust fund in any form of property which the trustee shall deem to be for the best interests of the trust, and in exercising such powers of investment the trustees shall not be restricted or limited by any statute or law relating to the character of investments which may be made by a fiduciary.

5. The trustees shall hold and manage the property as a trust fund, with power to sell, exchange, mortgage, or otherwise dispose of any of the property as they may deem proper. The trustees shall



## Exhibit "A"—(Continued)

have the right to exchange any securities in this trust for any other securities that may be offered in any reorganization, refinancing, merger, consolidation or dissolution or any change of corporate capital structure if in the judgment of the trustees such exchange is advisable.

6. The trustees may accept contributions to the principal of this trust from any source by gift, devise, legacy, or in any other form. Property so received by the trustees shall be held and administered as a part of the principal of this trust in the manner hereinbefore set forth in this article.

7. The duration of this trust shall be perpetual.

## Article VII.

If it is necessary for my executor to sell or liquidate any of the assets of my estate for the purpose of obtaining money to pay debts, expenses of administration, taxes, the legacies provided in Articles III and IV, or other charges against my estate, I direct that such sale shall be made in the order and by classes as follows:

1. All assets other than those described in the following 2, 3, 4 and 5;

2. My stock of Journal Building Company;

3. My preferred stock of Journal Publishing Company;

4. My common stock of Journal Publishing Company;

5. My personal property bequeathed by Article II;

Exhibit "A"—(Continued)

and that, if possible, the property in each class shall be completely liquidated before the sale of any of the property in the next higher numbered class.

[Handwritten: No change.]

Article VIII.

I have refrained in this will from making any provision for my great-grandson, Peter Crockett Jackson, because I know that he has been amply provided for in other ways.

[Handwritten: Revoked.]

Article IX.

I nominate and appoint my son, Philip Ludwell Jackson, as executor of this, my last will and testament, and I direct that he shall be permitted to serve in that capacity without bond or other undertaking. If my son shall for any reason be unwilling or unable to act as executor, I nominate as executor The United States National Bank of Portland (Oregon). My executor shall have full power to sell, convey, lease, pledge, mortgage, or otherwise dispose of any and all real or personal property that I may own at the time of my death or which may be acquired by my estate, and in exercising the powers hereby granted my executor shall not be required to comply in any way with any statute or law relating to the sale or disposition of property by the personal representative of an estate, and in particular shall not be required to obtain from any court any order authorizing or confirming any such sale or other disposition.



## Exhibit "A"—(Continued)

In Witness Whereof, I have hereunto set my hand to this, my last will and testament, this 7th day of January, 1948.

MARIA C. JACKSON.

This instrument, consisting of eight (8) typewritten pages, each bearing the signature of the above named Maria C. Jackson, was by her on the date hereof signed, published and declared by her to be her last will and testament in our presence, who, at her request and in her presence and in the presence of each other, we believing her to be of sound and disposing mind and memory, have hereunto subscribed our names as witnesses.

CHARLES A. HART,

Residing at Portland, Oregon.

FLETCHER ROCKWOOD,

Residing at Portland, Oregon.

PAUL L. BOLEY,

Residing at Portland, Oregon.

Codicil to Last Will and Testament of Maria C. Jackson.

I, Maria C. Jackson, of Portland, Oregon, do hereby make, publish and declare this codicil to my last will and testament dated January 7, 1948.

Article I.

Article VI of my said last will and testament

Exhibit "A"—(Continued)

dated January 7, 1948, is hereby amended by adding a paragraph (8) thereto to read as follows:

"8. Notwithstanding the provisions hereinbefore in this article contained, it is my wish and I direct that the trustees of The Jackson Foundation shall, as soon as in their judgment such action is desirable following the establishment of The Jackson Foundation, pay to the trustees of the Leland Stanford Junior University the sum of \$45,000.00 which sum may, in the discretion of the board of trustees of the University, be merged and mingled with and become a part of the general investment assets of said University. It shall be known as the Charles Samuel Jackson, Jr. Fellowship Fund, and the income but not the principal thereof shall be used to establish a fellowship for a worthy graduate student in the Institute for Journalistic Studies of said University. The amount of such fellowship shall be determined by the president or such other authority as may be designated by the said board of trustees of said University for said purpose, and the beneficiaries thereof shall be designated by the faculty of the said Institute for Journalistic Studies or by the faculty of whatever department of said University should succeed to the functions of said Institute for Journalistic Studies in the future.

"Until such time as in the judgment of the trustees of The Jackson Foundation, the payment of said sum is feasible, it is my wish and I direct that in each year before the first of August, the trustees of The Jackson Foundation shall pay to the trus-

## Exhibit "A"—(Continued)

tees of said University the sum of \$1800.00 to be used by said trustees in the same manner as the income from said larger sum will be used after it is so paid. The payment of such yearly amounts shall be in addition to the payment of the principal sum."

## Article II.

In all other respects I do ratify and confirm my said last will and testament.

In Witness Whereof, I have hereunto set my hand to this my last will and testament this 23rd day of February, 1950.

[Seal]

MARIA C. JACKSON.

This instrument, consisting of three pages including the following page, each bearing the signature of the above-named Maria C. Jackson, was by her on the date hereof declared to be the codicil to her last will and testament dated January 7, 1948, in our presence, who at her request and in her presence and in the presence of each other, we believing her to be of sound and disposing mind and memory, have hereunto subscribed our names as witnesses.

CHARLES A. HART,

Residing at Portland, Oregon.

FLETCHER ROCKWOOD,

Residing at Portland, Oregon.

THOMAS B. STOEL,

Residing at Portland, Oregon.

Exhibit "A"—(Continued)

Second Codicil to Last Will and Testament of Maria C. Jackson.

I, Maria C. Jackson, of Portland, Oregon, do hereby make, publish and declare this codicil to my last will and testament dated January 7, 1948, and to the codicil thereof bearing date February 23, 1950.

Article I.

I hereby revoke the provisions of Article I of my said codicil dated February 23, 1950, for the reason that I have heretofore paid to the trustees of the Leland Stanford Junior University the sum of \$45,000 for which provision was made in Article I of said codicil.

Article II.

I do hereby ratify and confirm all of the provisions of my said last will and testament dated January 7, 1948.

In Witness Whereof, I have hereunto set my hand to this second codicil to my last will and testament this 15th day of August, 1952.

[Seal]                      MARIA C. JACKSON.

This Is To Certify that on this 15th day of August, 1952, the above-named testatrix, Maria C. Jackson, being then of sound and disposing mind and not acting under any duress or undue influence made and published the foregoing instrument, consisting of two pages, bearing her signature, as and for a second codicil to her last will and testament, and signed the same in the presence of us and each of us, and at the same time and place, at the re-

## Exhibit "A"—(Continued)

quest of the said testatrix, and in her presence and in the presence of each other, we have signed and attested the same as witnesses thereof.

FLETCHER ROCKWOOD,

Residing at Portland, Oregon.

PAUL L. BOLEY,

Residing at Portland, Oregon.

THOMAS B. STOEL,

Residing at Portland, Oregon.

Maria C. Jackson

Third Codicil to Last Will and Testament of Maria C. Jackson.

I, Maria C. Jackson, of Portland, Oregon, do hereby make, publish and declare this codicil to my last will and testament dated January 7, 1948, and to the codicils thereof bearing dates February 23, 1950 and August 15, 1952.

Article I.

I hereby revoke Article II of my said last will and testament dated January 7, 1948, and substitute in lieu thereof a new Article II to read as follows:

"Article II.

"I give and bequeath all household goods, books, apparel, jewelry and all other like contents of my place of abode, but not including any cash or securities, to my good friend Kathryne Kelly.



Exhibit "A"—(Continued)

"I give and bequeath to my faithful chauffeur Eugene L. Carden one of the automobiles which I may own at the time of my death and if I shall own but one such automobile then I give and bequeath to said Eugene L. Carden the said automobile. If I shall own more than one automobile at the time of my death, Eugene L. Carden shall have the choice of which of said automobiles he desires to accept under this Article and shall notify my executors of his choice within three months after my death. In the event that he shall fail to so notify my executors, the executors shall choose which of the automobiles he shall receive hereunder."

Article II.

I hereby add a new Article to my said last will and testament dated January 7, 1948, to be known as Article II-A and to read as follows:

"Article II-A

"I give and bequeath to The United States National Bank of Portland (Oregon) the sum of \$150,000.00, not for its own use and benefit, but in trust for the following uses and purposes:

"1. The net income therefrom shall be paid in quarterly or other convenient installments to or for the benefit of my great-grandson Peter Crockett Jackson until he shall attain the age of 35 years, and at that time all of the trust property, including principal and all accrued, accumulated and undistributed income shall be distributed, discharged from



## Exhibit "A"—(Continued)

this trust to my great-grandson Peter Crockett Jackson and this trust shall terminate.

"2. While my great-grandson herein named is a minor, the trustee shall distribute to or for the use of my said great-grandson only so much of the income as it shall determine to be necessary for the maintenance, comfort, general welfare and education of my great-grandson, and the remainder of the income not so distributed shall be added to and become a part of the principal of the trust. While my said great-grandson is a minor, distributions of income for his benefit may, at the discretion of the trustee, be made directly to my great-grandson, or to his legal guardian, or to any person or corporation who shall furnish maintenance, support or education to my great-grandson, and the receipt of any person or corporation to whom distributions for the benefit of my great-grandson are made under the provisions of this paragraph shall be a sufficient voucher in the hands of the trustee.

"3. If my great-grandson does not survive to attain the age of 35 years, distributions of principal and income shall be made by the trustee to the surviving lineal descendants of my said great-grandson by right of representation on the same date or dates that my great-grandson would have received such distributions of income or principal had he lived.

"4. If my great-grandson shall not survive to attain the age of 35 years and shall leave no surviving lineal descendants at the time of his death, this trust shall terminate at the time of the death

Exhibit "A"—(Continued)

of my said great-grandson and all of the trust property, including principal and all accrued, accumulated and undistributed income shall be paid over to the trustees of the trust created by Article VI of my last will and testament dated January 7, 1948, to be held and administered as part of the principal of the said trust. If under any circumstances there is any portion of the trust fund, either principal or income, for which there is no named or described beneficiary, such portion of the trust fund shall likewise be paid over to the trustees named in the said Article VI of my last will and testament.

"5. The trustee shall hold and manage the property as a trust fund, with power to sell, exchange, mortgage, or otherwise dispose of any of the property as it may deem proper. The trustee may hold any property of the trust estate in its own name, or in the name of its nominee or nominees, with or without disclosure of fiduciary relationship. The trustee, in making distribution of principal hereunder, may do so in money, securities or other property at the market value at the date of distribution as nearly as can be determined by the trustee, and the judgment of the trustee as to what shall constitute a just and proper division or apportionment among beneficiaries shall be binding and conclusive on all parties.

"6. The trustee shall invest and reinvest the principal of the trust fund in any form of property, real or personal, which the trustee shall deem to be

## Exhibit "A"—(Continued)

for the best interests of the trust estate, and the trustee is specifically relieved of compliance with any statute relating to the character of investments which may be made by a fiduciary.

"7. No title in this trust estate nor in the income therefrom shall vest in any beneficiary, and neither the income nor principal of the trust shall be liable for the debts, including alimony, of any beneficiary, and no beneficiary shall have any power to sell, assign, transfer, encumber, or in any manner to anticipate or dispose of his or her interest in the trust or the income produced thereby prior to the actual distribution thereof by the trustee to or for the use of said beneficiary in the manner herein provided."

## Article III.

I hereby revoke Article VIII of my last will and testament of January 7, 1948.

## Article IV.

I hereby supplement and amend Article VI of my last will and testament dated January 7, 1948, and direct that the third individual referred to therein who is to serve as a trustee of the trust created in that Article at the commencement of the said trust shall be William W. Knight. I hereby adopt as a part of said will the provisions of Paragraph 4 of Article VII of the last will and testament of my son, Philip Ludwell Jackson, admitted to probate in Multnomah County, Oregon, on February 24, 1953, as the provisions relating to suc-

Exhibit "A"—(Continued)

cessor trustees of the trust created by Article VI of my said will.

Article V.

I hereby revoke Article IX of my said last will and testament dated January 7, 1948, and substitute in lieu thereof a new Article IX to read as follows:

"Article IX.

"I nominate and appoint David L. Davies and The United States National Bank of Portland (Oregon) as executors of my last will and testament, and I direct that David L. Davies shall be permitted to serve in that capacity without bond or other undertaking. My executors shall have full power to sell, convey, lease, pledge, mortgage or otherwise dispose of any and all real or personal property that I may own at the time of my death or which may be acquired by my estate, and in exercising the powers hereby granted my executors shall not be required to comply in any way with any statute or law relating to the sale or other disposition of property by the personal representative of an estate, and in particular they shall not be required to obtain from any court any order authorizing or confirming any such sale or other disposition. My executors in making distribution of my estate, may do so in money, securities or other property at the market value at the time of distribution as nearly as can be determined by the executors, and the judgment of the executors as to what

## Exhibit "A"—(Continued)

shall constitute market value for such purpose shall be binding and conclusive on all parties;

Provided, however that it is my wish that my executors shall not distribute in satisfaction of the bequest contained in Article II of the third codicil to my last will and testament any stock of Journal Publishing Company. Any reference in my last will and testament or the codicils thereto to my executor shall be deemed to include the plural."

## Article VI.

Except as modified and supplemented by this codicil, I do hereby ratify and confirm all of the provisions of my said last will and testament dated January 7, 1948, and the codicil to my said last will and testament bearing date February 23, 1950.

In Witness Whereof, I have hereunto set my hand to this my third codicil to my last will and testament this 27th day of February, 1953.

MARIA C. JACKSON.

This Is To Certify that on this 27th day of February, 1953, the above-named testatrix, Maria C. Jackson, being then of sound and disposing mind and not acting under any duress or undue influence made and published the foregoing instrument, consisting of seven pages, bearing her signature, as and for a third codicil to her last will and testament, and signed the same in the presence of us and each of us, and at the same time and place, at



Exhibit "A"—(Continued)

the request of the said testatrix, and in her presence and in the presence of each other, we have signed and attested the same as witnesses thereof.

CHARLES A. HART,  
Residing at Portland, Oregon.

FLETCHER ROCKWOOD,  
Residing at Portland, Oregon.

PAUL L. BOLEY,  
Residing at Portland, Oregon.

Fourth Codicil to Last Will and Testament of  
Maria C. Jackson.

I, Maria C. Jackson, of Portland, Oregon, do hereby make, publish and declare this codicil to my last will and testament dated January 7, 1948, and to the codicils thereof bearing dates of February 23, 1950, August 15, 1952, and February 27, 1953.

Article I.

I hereby add a new article to my said last will and testament and the codicils thereof to read as follows:

"Article II-B.

"In the event that Eugene L. Carden who has been my faithful chauffeur, shall be indebted to me in any amount at the time of my death, then and in that event I direct that the indebtedness of the said Eugene L. Carden, including both principal and any interest owing at the date of my death, shall



**Exhibit "A"—(Continued)**

be cancelled by my executors and that the cancelled evidence of such indebtedness shall be delivered to the said Eugene L. Carden."

**Article II.**

I hereby supplement and amend Article VI of my last will and testament dated January 7, 1948, as supplemented and amended by Article IV of the third codicil to my last will and testament dated February 27, 1953, and specifically direct that my trustees shall be under no obligation to change the investments which come into their hands from my estate on account of the character or amount thereof but shall do so only when they deem it advisable so to do and after careful investigation and consideration. In particular, my trustees are authorized to retain as assets of the trust any shares of stock of Journal Publishing Company which come into their hands, even though such shares of stock shall constitute a substantial portion of the trust fund. Furthermore, I specifically direct that when and if my executors or trustees, or my executors and trustees, as the case may be, shall in their sole discretion deem it to the best interests of The Oregon Journal as a continuing local newspaper of the character described in paragraph 3 of Article VI of my said last will and testament or to the best interests of the trust estate to make such sale of any stock of Journal Publishing Company they shall exercise their discretion to make such sale in such manner that, if possible,

Exhibit "A"—(Continued)

the ownership and control of Journal Publishing Company and the newspaper which it operates shall be retained on a local basis, preferably in the hands of persons who are then in the actual employ of Journal Publishing Company or who are associated with the management and operation of the paper; and I direct that in any disposition of such stock the purpose herein stated shall be carried out even though the amount which may be realized through such sales may be very substantially less than might be obtained if such stock or the paper owned by said Journal Publishing Company were to be sold in a different manner or to other purchasers. Furthermore, I direct that any person or persons within the categories above specified who may also be at any given time an executor of my will, or trustee of any of the trusts created by my will (and the codicils thereof), shall be permitted and eligible to purchase stock at the same prices and on the same terms as my executors or trustees are willing to sell to others within such preferred categories of purchasers, even though such person or persons may be then acting as such executor or trustee.

Article III.

Except as modified and supplemented by this codicil, I do hereby ratify and confirm all of the provisions of my said last will and testament dated January 7, 1948, and the codicils to my said last will and testament bearing dates of August 15,

## Exhibit "A"—(Continued)

1952, and February 27, 1953. The only new provisions contained in my codicil dated February 23, 1950, were revoked by my codicil dated August 15, 1952. In my codicil dated February 27, 1953, it was my intention to ratify the codicil dated August 15, 1952, but through inadvertence I erroneously ratified and confirmed the provisions of the codicil bearing date of February 23, 1950. I do not ratify and confirm my codicil dated February 23, 1950, but as stated above I do hereby confirm the revocation thereof contained in my said codicil bearing date of August 15, 1952.

In Witness Whereof, I have hereunto set my hand to this my fourth codicil to my last will and testament this 8th day of July, 1953.

MARIA C. JACKSON.

This Is To Certify that on this 8th day of July, 1953, the above-named testatrix, Maria C. Jackson, being then of sound and disposing mind and not acting under any duress or undue influence, made and published the foregoing instrument, consisting of four pages, including this page, bearing her signature, as and for a fourth codicil to her last will and testament, and signed the same in the presence of us and each of us; and at the same time and place, at the request of the said testatrix, and in her presence, and in the presence of each other, we

Exhibit "A"—(Continued)

have signed and attested the same as witnesses thereof.

CHARLES A. HART,  
Residing at Portland, Oregon.

FLETCHER ROCKWOOD,  
Residing at Portland, Oregon.

THOMAS B. STOEL,  
Residing at Portland, Oregon.

EXHIBIT "B"

LAST WILL AND TESTAMENT  
OF  
PHILIP LUDWELL JACKSON

I, Philip Ludwell Jackson, of the County of Multnomah, State of Oregon, do hereby make, publish and declare this my last will and testament, hereby revoking all former wills and codicils made by me.

Article I.

I direct the payment by my executors out of my estate of all of my just debts allowed in the course of administration, the expenses of last illness and funeral, the expenses of administration of my estate and all inheritance, estate and legacy taxes upon property passing under the terms of this will, to the end particularly that the devises and bequests in Articles II, III, IV and V shall be paid, distributed and satisfied without any deduction for

## Exhibit "B"—(Continued)

any of the disbursements under the provisions of this article.

## Article II.

I give and bequeath to my stepdaughter, Nadine Logan Kerr, all articles of furniture and furnishings of my home which were the property of her mother prior to my marriage to her mother.

## Article III.

I give and bequeath to my wife, Esma Peshmalyan Jackson, all household goods, books, apparel, jewelry and all other like contents of my place of abode not bequeathed by Article II hereof, and any automobiles which I may own at the time of my death.

## Article IV.

I give and bequeath to Florence Millsaps, who has been my secretary for many years, the sum of \$5,000.00.

## Article V.

I give, devise and bequeath to William W. Knight, David L. Davies and The United States National Bank of Portland (Oregon) that portion of my estate which shall equal one-half ( $\frac{1}{2}$ ) of the difference between my gross estate and the total of all disbursements except inheritance, estate and legacy taxes made under the provisions of Article I hereof, not for their own use and benefit but in trust for the following uses and purposes:

1. All of the net income therefrom shall be distributed in quarterly or more frequent installments



Exhibit "B"—(Continued)

to my wife, Esma Peshmalyan Jackson, for her lifetime.

2. Upon the death of my wife all of the property then remaining in the trust, including all principal and all accrued, accumulated and undistributed income shall be distributed as my wife shall appoint by her last will and testament, but if my wife shall fail to exercise the power of appointment hereby granted, the remainder of the trust shall at the death of my wife be distributed to the trustees of the trust created by Article VI of this will and shall be administered by the trustees of the trust under Article VI as principal thereof.

Article VI.

All the rest, residue and remainder of my estate of whatever nature and wherever situated I give, devise and bequeath to William W. Knight, David L. Davies and The United States National Bank of Portland (Oregon), not for their own use and benefit but in trust for the following uses and purposes:

1. The net income of the trust shall be distributed as follows:

(a) To my wife, Esma Peshmalyan Jackson, for her lifetime that portion of the income which when added to the income distributable to my wife under the terms of Article V may be necessary to produce a total not exceeding \$6,000.00 per year.

(b) To my stepdaughter, Nadine Logan Kerr, for her lifetime that portion of the income not re-



## Exhibit "B"—(Continued)

quired to satisfy the provisions of subparagraph (a), but not exceeding \$2,400.00 per year.

(c) To my wife for her lifetime that portion of the income not required to satisfy the provisions of subparagraphs (a) and (b) which when added to the income distributable to my wife under the terms of Article V and subparagraph (a) may be necessary to produce a total not exceeding \$15,000.00 per year.

(d) To my said stepdaughter for her lifetime that portion of the income not required to satisfy the provisions of subparagraphs (a), (b) and (c), but not exceeding \$3,600.00 per year.

(e) After the satisfaction of the provisions of subparagraphs (a), (b), (c) and (d), the trustees shall pay out of the income to or for the benefit of each child of Nadine Logan Kerr the sum of \$1,000.00 per year in each year that such child is in regular attendance at a preparatory school situated outside of the metropolitan area of the city of domicile of such child and in each year that such child is in regular attendance as an undergraduate or graduate student at an institution of higher education, wherever situated. No payments shall be made hereunder except as necessary to provide each such child with a total of four years of attendance in a preparatory school and seven years of education in institutions of higher education, including any period of attendance prior to the commencement of such payments. While any child is a minor payments hereunder may be made direct to

Exhibit "B"—(Continued)

the minor or to a parent of the minor for his or her use, or to any school, college or university attended by the minor to defray the expenses of said minor. All children of Nadine Logan Kerr, including any who may be born hereafter either before or after my death, shall be entitled to benefits hereunder.

(f) The remainder of the income not required to satisfy the provisions of the foregoing subparagraphs (a) to (e), inclusive, shall be paid to my wife for her lifetime.

(g) All of the net income from the trust not required for payments to my wife and stepdaughter and the children of my stepdaughter under the terms of subparagraphs (a) to (f) inclusive, shall be distributed by the trustees for use within the State of Oregon for charitable, educational or eleemosynary purposes and for advancement of the public welfare. The trustees shall have absolute discretion in the selection of the particular purposes for which said distribution shall be made and shall select beneficiaries as they shall deem to be most appropriate and best calculated to promote the welfare of the public of the City of Portland or the State of Oregon, or both.

2. Upon the death of my wife the trustees shall distribute from the principal of the trust sums as follows:

(a) To my stepdaughter, Nadine Logan Kerr, if she be living at the time of the death of my wife, the sum of \$5,000.00.

## Exhibit "B"—(Continued)

(b) To Princeton University, an institution of learning located at Princeton, N. J., the sum of \$10,000.00, to be held by it in trust to invest and reinvest such funds in such securities as may by the fiscal authorities of Princeton University be deemed to be in the best interests of the trust, and from the income to establish a scholarship or scholarships to be applied toward the defraying of the expenses of tuition and maintenance while in attendance at Princeton University of such student or students from the State of Oregon as may be selected by Princeton University in accordance with such general principles and under such rules and regulations as may from time to time be fixed and established by Princeton University.

3. If after the death of my wife the trustees deem it appropriate and desirable in the exercise of their sole discretion to terminate the interests of my stepdaughter in this trust and the interests of her children, as provided in subparagraphs (b), (d) and (e) of paragraph 1 prior to the death of my stepdaughter and prior to the time of completion of payment of amounts which would be payable to her children under the terms of subparagraph (e) of paragraph 1, the trustees shall have the power (a) to provide for payments of \$500.00 per month for life to my stepdaughter by the purchase of an annuity contract from a responsible insurance company, and (b) to provide for payments to the then living children of my stepdaughter of annual amounts to which they would otherwise be entitled under the

Exhibit "B"—(Continued)

terms of subparagraph (e) of paragraph 1, by the purchase of appropriate contracts from a responsible insurance company. In purchasing any such contracts the annual payments which shall be provided for any child of my stepdaughter shall be eleven (11) minus the number of years that any such child shall have attended a high school or preparatory school and institution of higher education prior to the date of the purchase of such contracts. The trustees in purchasing any such contract or contracts shall not be required to make any provision for children of my stepdaughter who may be born thereafter. Payments by the trustees for annuities or other contracts under the terms of this paragraph shall be made from the principal of the trust.

4. The trustees may accept contributions to the principal of this trust from any source by gift, devise, legacy or in any other form or by transfer to this trust of assets of any trust created by me by any written agreement executed by me. Property so received by the trustees shall be held and administered as a part of the principal of this trust in the manner hereinbefore set forth in this article.

5. The duration of this trust shall be perpetual, provided, however, that the provisions for my wife and for my stepdaughter and her children contained in this article shall in no event continue for a period longer than the lives of my wife, my stepdaughter and any children of my stepdaughter who are living at the time of my death, and the survivor thereof and 21 years thereafter, at the end of which

## Exhibit "B"—(Continued)

time all provisions of this article for my wife, my stepdaughter and any of her children shall terminate.

6. My mother, Maria C. Jackson, has told me that in a will executed by her she has provided for the establishment of a trust to be known as "The Jackson Foundation" and that the provisions of the trust so provided for, in so far as the beneficiaries of said trust come within the description of the beneficiaries of this trust, other than my wife, my stepdaughter and her children, are the same as the provisions in this article. My trustees shall be authorized, if it may be done conveniently, at any time to consolidate the trust established by this article with such trust established or to be established and to be known as "The Jackson Foundation" under the will of my mother.

## Article VII.

The provisions of this article shall apply to the administration of both of the trusts created by Articles V and VI hereof.

1. If my present home in Riverwood shall become a part of the corpus of either of the trusts created by Articles V and VI hereof, I direct that as soon as it can be done without sacrifice of the value of said property and without undue inconvenience to my wife, the trustees shall sell and dispose of said real property, and in the event of such sale the trustees shall retain the proceeds of said sale as a



Exhibit "B"—(Continued)

part of the principal of the trust, of which said real estate is then a part.

2. The trustees shall invest and reinvest all principal cash in the trust funds in any form of property which the trustees shall deem to be for the best interests of the trusts; and in exercising such powers of investment the trustees shall not be restricted or limited by any statute or law relating to the character of investments which may be made by a fiduciary.

3. The trustees shall hold and manage the property as trust funds with power to sell, exchange, mortgage or otherwise dispose of any of the property as they may deem proper. The trustees shall have the right to exchange any securities in the trusts for any other securities that may be offered in any reorganization, refinancing, merger, consolidation or dissolution or any change of corporate capital structure if in the judgment of the trustees such exchange is advisable. Without in any way limiting the broad powers herein granted to the trustees to sell and dispose of the assets of the trusts, I express the wish, which shall not be construed to be mandatory or binding upon the trustees, that if any stock of Journal Publishing Company, an Oregon corporation, shall be included in the assets of the trusts, the trustees shall in any disposition of such stock endeavor to do so in a manner such as to perpetuate the Oregon Journal, the newspaper published by Journal Publishing Company as a newspaper which conforms generally to



## Exhibit "B"—(Continued)

the standards of that newspaper since the founding thereof by my late father, Charles Samuel Jackson. If it may be done without jeopardy to the standing of said newspaper the trustees shall endeavor to favor and give preference to persons actually in the employ of Journal Publishing Company engaged in the publishing and operation of the newspaper. I appreciate that at this time I cannot adequately define the processes to be adopted by the trustees in carrying out the policies of administration with respect to the stock of the Journal Publishing Company expressed in this paragraph and for that reason I give to the trustees broad powers to be exercised in their discretion in accomplishing the purposes and policies expressed in this article.

4. I have appointed William W. Knight as one of the trustees of the trusts hereby created in anticipation of the fact that he will be at the time of my death an executive in the employ of Journal Publishing Company. If he shall not be employed in that capacity or if during the terms of the trusts he shall cease to be such employee, he shall be disqualified to act as trustee. If he shall be disqualified to act as trustee or shall for any reason cease to be a trustee, his successor as trustee shall be appointed by the other trustees herein named and shall be an individual who is employed as an executive of Journal Publishing Company, and the successor trustee so appointed shall continue to act as trustee as long as he is so employed. The foregoing provisions relating to the terms of William W. Knight and his

Exhibit "B"—(Continued)

successors as trustees are subject to the provision that if while William W. Knight is acting as trustee the trustees dispose of all of the stock held by both trusts of Journal Publishing Company, William W. Knight may continue as trustee even though he ceased to be an employee of Journal Publishing Company, and if neither of the trusts contain any stock of Journal Publishing Company a successor to William W. Knight as trustee need not be an employee of Journal Publishing Company. If David L. Davies shall for any reason fail to qualify or cease to be a trustee, his successor shall be an individual who shall be appointed by the remaining trustees. If for any reason The United States National Bank of Portland (Oregon) shall fail to qualify or cease to be a trustee, its successor shall be appointed by the then remaining trustees, but its successor shall be a national bank or corporation engaged in the City of Portland in business as a fiduciary. If in any circumstances there shall be a vacancy in the office of trustee for which no provision for succession is contained herein, the successor trustee shall be appointed by the remaining trustees, to the end that there shall at all times be two individual trustees and one corporate trustee.

Article VIII.

If it is necessary for my executors to sell or liquidate any of the assets of my estate for the purposes of obtaining money to pay debts, expenses of administration or other charges against my estate, I

## Exhibit "B"—(Continued)

direct that if it is practicable for the executors so to do such sales shall be made and in the order and by classes as follows:

1. My home in Riverwood;
2. All assets other than those described in the following 3, 4, 5 and 6;
3. My stock of Journal Building Company;
4. My common stock of Journal Publishing Company;
5. My preferred stock of Journal Publishing Company;
6. My personal property bequeathed by Articles II and III hereof;

and if it is practicable the property in each class shall be completely liquidated before the sale of any of the property in the next higher numbered class.

## Article IX.

I nominate and appoint David L. Davies and The United States National Bank of Portland (Oregon) as executors of this my last will and testament and I direct that David L. Davies shall be permitted to serve in that capacity without bond or other undertaking. My executors shall have full power to sell, convey, lease, pledge, mortgage or otherwise dispose of any and all real or personal property that I may own at the time of my death or which may be acquired by my estate, and in exercising the powers hereby granted my executors shall not be required to comply in any way with any statute or law relat-

Exhibit "B"—(Continued)

ing to the sale or other disposition of property by the personal representative of an estate, and in particular they shall not be required to obtain from any court any order authorizing or confirming any such sale or other disposition.

In Witness Whereof, I have hereunto set my hand to this my last will and testament this 11th day of June, 1951.

/s/ PHILIP LUDWELL JACKSON.

This instrument, consisting of nine (9) typewritten pages, each bearing the signature of the above named Philip Ludwell Jackson, was by him on the date hereof signed, published and declared to be his last will and testament in our presence, who at his request and in his presence and in the presence of each other, we believing him to be of sound mind and memory, have hereunto subscribed our names as witnesses.

/s/ THOMAS B. STOEL,  
Residing at Portland, Oregon,

/s/ FREDERICK H. TORP,  
Residing at Portland, Oregon.

Affidavit of Service by Mail Attached.

[Endorsed]: Filed January 2, 1958.

[Title of District Court and Cause.]

### MOTION TO DISMISS

The defendants move the court to dismiss this action on the ground that the court lacks jurisdiction over the subject matter because the action is essentially a proceeding to contest a will and therefore one within the exclusive jurisdiction of the state probate courts.

Dated this 7th day of January, 1958.

/s/ ROY F. SHIELDS,

/s/ JAMES G. SMITH,

MAGUIRE, SHIELDS, MORRISON  
& BAILEY,

Attorney for Defendants.

Acknowledgment of Service Attached.

[Endorsed]: Filed January 7, 1958.

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[Title of District Court and Cause.]

### ORDER ON DEFENDANTS' MOTION TO DISMISS FIRST AMENDED COMPLAINT

This cause having come before the Court for hearing on defendants' motion to dismiss for lack of jurisdiction; and the motion having been argued and submitted for decision; and it appearing to the Court that the first amended complaint presents in substance nothing more than a rearrangement of the claims asserted in the original complaint [cf.



Stark v. Starr, 94 U.S. 477, 485 (1876)], and that the motion to dismiss should be granted upon the grounds and for the reasons stated upon the dismissal of the original complaint [see Jackson v. United States National Bank, Portland, Oregon, 153 F. Supp. 104 (D. Ore. 1957)];

It Is Ordered that defendants' motion to dismiss is hereby granted for want of federal equity jurisdiction over the subject matter; and the attorneys for defendants may lodge with the Clerk within twenty days a judgment of dismissal accordingly, to be settled according to rule.

It Is Further Ordered that the judgment of dismissal shall not operate "as an adjudication upon the merits" [Fed.R.Civ.P. 41(b)], and the judgment to be entered shall so provide.

It Is Further Ordered that the Clerk this day serve copies of this order by United States mail upon the attorneys for the parties appearing in this cause.

June 30, 1958.

/s/ WM. C. MATHES,  
United States District Judge.

[Endorsed]: Filed June 30, 1958.



In The United States District Court,  
District of Oregon

No. 8752

PETER CROCKETT JACKSON, a minor by  
JOHN E. WALKER, his Guardian ad litem,  
Plaintiff,

vs.

THE UNITED STATES NATIONAL BANK,  
PORTLAND, OREGON, a national banking  
association; DAVID LLOYD DAVIES; THE  
UNITED STATES NATIONAL BANK,  
PORTLAND, OREGON, a national banking  
association, and DAVID LLOYD DAVIES, as  
Executors under the purported Will and testa-  
ment of Maria C. Jackson, deceased; THE  
UNITED STATES NATIONAL BANK,  
PORTLAND, OREGON, a national banking  
association, and DAVID LLOYD DAVIES and  
WILLIAM W. KNIGHT, as purported Trus-  
tees appointed by said purported last will and  
testament; and Black White Foundation, a cor-  
poration, Defendants.

### JUDGMENT OF DISMISSAL

The Court having heard and considered defend-  
ants' motion to dismiss this action for lack of  
jurisdiction over the subject matter, and having  
found that such motion should be granted, it is

Ordered and Adjudged that this action is dis-  
missed for lack of jurisdiction over the subject

matter, but without any adjudication upon the merits of any of plaintiff's claims and without costs to or against any of the parties.

Dated this 22nd day of July, 1958.

/s/ WM. C. MATHES,  
District Judge.

[Endorsed]: Filed July 23, 1958.

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[Title of District Court and Cause.]

### NOTICE OF APPEAL

Notice Is Hereby Given that Peter Crockett Jackson, a minor, plaintiff above named, by John E. Walker, his Guardian ad Litem, hereby appeals to the United States Court of Appeals for the Ninth Circuit from that part of the Order of Dismissal made and entered in this action on June 30, 1958, dismissing said action for want of jurisdiction over the subject matter, and appeals from that part of the Judgment of Dismissal made in said action on July 22nd, 1958, and entered on July 23rd, 1958, dismissing said action for lack of jurisdiction of the subject matter.

Dated: July 24, 1958.

LIVINGSTON & BORREGARD,  
/s/ LAWRENCE LIVINGSTON,  
/s/ RICARDO J. HECHT,  
/s/ JOHN E. WALKER,

JACK, GOODWIN & SANTOS,  
/s/ GLENN R. JACK,  
Attorneys for Plaintiff and  
Appellant.

[Endorsed]: Filed July 24, 1958.

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[Title of District Court and Cause.]

### COST BOND ON APPEAL

Whereas, Peter Crockett Jackson, a minor, by John E. Walker, his Guardian ad Litem, Plaintiff herein, has prosecuted or is about to prosecute an appeal to the United States Circuit Court of Appeals for the Ninth Circuit from a part of an Order of Dismissal dated and entered June 30, 1958, and a part of a Judgment of Dismissal dated and entered July 23, 1958, by the District Court of the United States for the District of Oregon.

Now, Therefore, in consideration of the premises, the undersigned Fidelity and Deposit Company of Maryland, a corporation duly organized and existing under the laws of the State of Maryland and duly authorized and licensed by the laws of the State of Oregon to do a general surety business in the State of Oregon, does hereby undertake, in a sum not exceeding Two Hundred Fifty Dollars (\$250.00) to which amount said Fidelity and Deposit Company of Maryland acknowledges itself justly bound, to pay the costs of defendants and respond-

ents herein on said appeal if the appeal is dismissed or the judgment affirmed, or such costs as the Appellate Court may award if the judgment is modified.

And further, it is expressly understood and agreed that in case of a breach of any condition of the above obligation, the Court in the above-entitled matter may, upon notice to the Fidelity and Deposit Company of Maryland, of not less than ten (10) days, proceed summarily in the action or suit in which the same was given to ascertain the amount which said surety is bound to pay on account of such breach, and render judgment therefor against it and award execution therefor.

Signed, sealed and dated this 24th day of July, 1958.

[Seal] FIDELITY AND DEPOSIT COM-  
PANY OF MARYLAND,

/s/ By ROBERT B. CUMMING,  
Attorney-in-Fact and Resident  
Agent.

[Endorsed]: Filed July 24, 1958.

[Title of District Court and Cause.]

## DOCKET ENTRIES

1956

Aug. 3—Filed complaint.

Aug. 3—Issued summons—to marshal.

Aug. 3—Filed petition for appointment of guardian ad litem.

Aug. 3—Filed & entered order appointing guardian ad litem.—S.

Aug. 15—Filed summons with marshal's return.

Aug. 16—Filed motion of John Walker for special appearance of Lawrence Livingston.

Aug. 16—Entered order for special appearance for Lawrence Livingston.—McC.

Aug. 22—Filed amendment to complaint.

Aug. 22—Filed praecipe for summons.

Aug. 22—Issued summons on amended complaint—to marshal.

Aug. 23—Filed motion to dismiss.

Aug. 23—Filed summons with marshal's return.

Sept. 4—Entered order postponing hearing on motion to dismiss.—McC.

Sept. 25—Entered order assigning case to Judge William C. Mathes.—McC.

Oct. 22—Entered order setting hearing on defendants' motion to dismiss for Nov. 8, 1956.—McC.

Nov. 7—Filed pltf's points & authorities in opposition to motion to dismiss.—McC.

1956

- Nov. 8—Record of hearing on motion of defendants to dismiss—argued & order for simultaneous submission of further briefs within 30 days.—Mathes.
- Nov. 8—Filed defts' brief in support of motion to dismiss.
- Dec. 4—Copy of transcript forwarded to J. Mathes.
- Dec. 10—Filed stipulation re time to file simultaneous briefs.
- Dec. 10—Filed & entered order (dated 12/6/56) extending time to file briefs.—Mathes.
- Dec. 31—Filed defts' reply brief.

1957

- Jan. 2—Filed pls answer to defts opening brief on motion to dismiss.
- Jan. 7—Filed ptff's motion to strike portion of oral argument & affidavit.
- Jan. 16—Filed defts response to plf's motion to strike portion of oral argument.
- Jan. 21—Hearing had & motion to strike taken under advisement. Pltf given 10 days to submit memo in support of his motion.—Mathes.
- Jan. 31—Filed memo in support of plaintiff's motion to strike portion of oral argument.
- June 28—Filed memorandum of decision.—Mathes.
- July 8—Filed pltf's objection to form of Order of Dismissal.



1957

July 8—Filed pltf's motion to file an amended complaint.

July 8—Filed stipulation re time for hearing on objections to form of Order of Dismissal and motion to file amended complaint.

July 22—Filed & entered order approving stipulation.—Mathes.

Sept. 12—Entered order setting for hearing on pending matters on Oct. 22, 1957.—Mathes.

Nov. 19—Entered order setting for hearing on pending matters on Jan. 7, 1958.—Mathes.

1958

Jan. 2—Filed 1st amended complaint.

Jan. 7—Filed motion to file amended complaint.

Jan. 7—Filed affidavit.

Jan. 7—Record of hearing before court on motion to dismiss & motion to file 1st amended complaint.—Mathes.

Jan. 7—Filed & entered order of dismissal dated Dec. 31st, 1957.—Mathes.

Jan. 7—Entered order allowing ptffs to file 1st amend. complaint which has the file mark of Jan. 2, 1958.—Mathes.

Jan. 7—Entered order setting for hearing motion to dismiss 1st amend. complaint on Wed., Jan. 8th at 10:00 a.m.—Mathes.

Jan. 7—Filed defts' motion to dismiss.

1958

- Jan. 8—Record of hearing on motion to dismiss—  
motion to dismiss submitted pending filing  
of briefs 30 days for ptff; 30 days defts.  
to answer; 10 days for reply brief.—  
Mathes.
- Feb. 10—Filed pltfs brief in opposition to motion  
to dismiss 1st amended complaint.
- Mar. 6—Filed stipulation extending time for defts  
to file brief in answer to ptffs brief in  
opposition to motion to dismiss 1st  
Amended Complaint & ptff have to Apr.  
18 to reply.
- Mar. 10—Filed & Entered order extending time  
for defts to file brief to dismiss 1st  
amended complaint to Mar. 28 & ptff time  
to reply extended to April 18.—Mathes.
- Apr. 2—Filed defts ans. to plff brief in opposition  
to motion to dismiss the 1st Amended  
Complaint.
- Apr. 28—Filed reply to defts answer to plfs brief  
in opposition to motion to dismiss the 1st  
Amended comp.
- June 30—Filed & entered order on defts motion to  
dismiss 1st amend. complaint.—Mathes.
- July 22—Entered Judgment of Dismissal.—Mathes.
- July 23—Filed Judgment of Dismissal.
- July 24—Filed notice of appeal by plaintiff.
- July 24—Filed Cost Bond on Appeal.
- Sept. 2—Filed stipulation as to the contents of  
record on appeal.

[Title of District Court and Cause.]

### CERTIFICATE OF CLERK

United States of America,  
District of Oregon—ss.

I, R. DeMott, Clerk of the United States District Court for the District of Oregon, do hereby certify that the foregoing documents consisting of Petition for appointment of Guardian ad Litem; Order appointing Guardian ad Litem; Complaint; Amendment to complaint; Motion to dismiss; Order of dismissal; Memorandum of decision; First amended complaint; Motion to dismiss; Order on defendants' motion to dismiss first amended complaint; Judgment of dismissal; Notice of appeal; Cost bond on appeal; Stipulation as to contents of record on appeal and Transcript of docket entries constitute the record on appeal from a judgment of said court in a cause therein numbered Civil 8752, in which Peter Crockett Jackson, a minor, by John E. Walker, his Guardian ad Litem is the plaintiff and appellant and The United States National Bank, Portland, Oregon, a national banking association, et al, are the defendants and appellees; that the said record has been prepared by me in accordance with the stipulation as to contents of record on appeal filed by the appellant and appellees, and in accordance with the rules of this court.

I further certify that the cost of filing the notice of appeal, \$5.00, has been paid by the appellant.

In Testimony Whereof I have hereunto set my hand and affixed the seal of said court in Portland, in said District, this 2nd day of September, 1958.

[Seal] R. DeMOTT,  
Clerk,

/s/ By THORA LUND,  
Deputy.

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[Endorsed]: No. 16173. United States Court of Appeals for the Ninth Circuit. Peter Crockett Jackson, a Minor, by John E. Walker, His Guardian ad Litem, Appellant, vs. The United States National Bank, Portland, Oregon, a National Banking Association, et al., Appellees. Transcript of Record. Appeal from the United States District Court for the District of Oregon.

Filed: September 4, 1958.

Docketed: September 8, 1958.

/s/ PAUL P. O'BRIEN,  
Clerk of the United States Court of Appeals for  
the Ninth Circuit.

In The United States Court of Appeals  
For The Ninth Circuit

No. 16173

PETER CROCKETT JACKSON, a minor by John  
E. Walker, his Guardian ad Litem,  
Appellant,

vs.

THE UNITED STATES NATIONAL BANK,  
PORTLAND, OREGON, a national banking  
association; DAVID LLOYD DAVIES; THE  
UNITED STATES NATIONAL BANK,  
PORTLAND, OREGON, a national banking  
association, and DAVID LLOYD DAVIES, as  
Executors under the purported will and testa-  
ment of Maria C. Jackson, deceased; THE  
UNITED STATES NATIONAL BANK,  
PORTLAND, OREGON, a national banking  
association, and DAVID LLOYD DAVIES  
and WILLIAM W. KNIGHT, as purported  
Trustees appointed by said purported last will  
and testament, and BLACK WHITE FOUN-  
DATION, a corporation, Appellees.

STATEMENT OF POINTS UPON WHICH AP-  
PELLANT RELIES ON APPEAL AND  
DESIGNATION OF RECORD FOR PRINT-  
ING

Points Upon Which Appellant Relies on Appeal.

The District Judge erred in dismissing the com-  
plaint for lack of jurisdiction for the following  
reasons:

1. The amended complaint shows that the appellant is a resident and citizen of the State of California and that all of the appellees are residents and citizens of the State of Oregon.

2. The amended complaint shows that this is an action of a civil nature.

3. The amended complaint shows that the amount in controversy is a sum in excess of \$2,400,000.00.

4. The amended complaint seeks the following relief:

(a) An adjudication that a purported charitable trust created in a will executed with the formalities required by law by a testatrix who was of sound mind is invalid because the discretion accorded to the trustees of the trust is so wide and so indefinite that there is no basis for the supervision of a court of equity over the administration of the trust.

(b) An adjudication that said purported charitable trust is invalid and not a true charitable trust because under the terms thereof the trust property may be used in the untrammelled discretion of the trustees for their own financial profit and gain and provides for other advantages to a limited class of persons.

(c) An adjudication that said trust creates a perpetuity in violation of the laws and public policy of the State of Oregon.

(d) An adjudication that any money and property which may be received by the trustees under the trust provisions of said will resulting in said



fund being impressed with a trust for the benefit of appellant, the sole heir of the testatrix.

(e) An adjudication that the testatrix arranged in proper form prior to her death to the end that appellant would receive out of said estate an amount far in excess of a bequest of \$150,000.00 made to him in said will and that by reason thereof all or part of the residue of said estate is impressed with a trust in favor of appellant.

(f) An adjudication that the trust provisions of said will are invalid because they were the result of fraud practiced on the testatrix.

(g) An adjudication that the trust provisions of said will are invalid because they are the result of undue influence practiced upon the testatrix.

(h) An adjudication that as to any property involved in said trust provisions, the testatrix died intestate and that distribution should be made through the Oregon Probate Court to appellant, the sole heir at law of the testatrix.

Prior to the filing of a responsive pleading in this action and on motion to dismiss for lack of jurisdiction, the District Judge dismissed this action upon said ground. Said order was erroneous in that it failed correctly to construe and to administer the applicable laws of the United States and of the State of Oregon.

#### Designation of Record for Printing.

Appellant hereby designates for printing the entire certified transcript of record.

Following this page is an affidavit of mailing of a copy of the within and foregoing Statement of Points Upon Which Appellant Relies on Appeal and Designation of Record for Printing to the attorneys for appellees.

Dated September 24, 1958.

/s/ GLENN R. JACK,

/s/ JOHN E. WALKER,

LIVINGSTON & BORREGARD,

/s/ By LAWRENCE LIVINGSTON,

/s/ LAWRENCE LIVINGSTON,

/s/ RICARDO J. HECHT,

Attorneys for Appellant.

Certificate of Service by Mail Attached.

[Endorsed]: Filed September 24, 1958. Paul P. O'Brien, Clerk.















